TOC

RM

RESOURCE MANAGEMENT

1st Qtr 2001 PB-48-01-1

Financial Management for the 21st Century

Changing of the Guard

A message from the Principal Deputy Assistant Secretary of the Army (FM&C)

Erin J. Olmes

What exactly is "certification?" Certification is test-based proof that an individual meets the standards of a specific profession. Earning certification means joining the ranks of professionals who have gained recognition and respect in their fields of expertise. Within the Department of Defense, it is an important step toward improving the quality of financial management. Professional certification is a useful measure of the talent and skills of our financial management careerists. It is built around the need for continuous improvement. We have many FM-focused professional certifications to choose from, including these:

Certified Government Financial Manager (CGFM). The Association of Government Accountants (AGA), a professional association whose members include accountants, auditors, budget analysts and others, sponsors the CGFM. Certification comes after passing an examination that includes concepts and practices regarding the governmental environment, governmental accounting and budgeting, and governmental financial management and control. Visit them at *www.agacgfm.org.*

Certified Management Accountant (CMA). The Institute of Management Accountants (IMA) offers the CMA to candidates passing their examination on economics, finance, management, financial accounting and reporting. More information is available at *www.rutgers.edu/accounting/raw/ima/ima.htm.*

Certified Public Accountant (CPA). This is perhaps the most familiar certificate in our business as well as a most prestigious recognition in the financial management field. Certification is offered through the American Institute of Certified Public Accountants (AICPA), at *www.aicpa.org/index.htm.*

Certified Information Systems Auditor (CISA). The Information Systems Audit and Control Association (ISACA) sponsors the CISA certification for those who audit information system standards, control practices and information systems security. Their Web address is *www.isaca.org.*

Quality Auditor and Quality Technician Certification. The American Society for Quality (ASQ) offers these two certifications, among others, that are becoming of interest to a growing segment of the CP 11 community. Visit *www.asq.org/standcert/cert.html.*

Certified Fraud Examiner (CFE). Administered by the Association of Certified Fraud Examiners (ACFE), the CFE program is an accrediting process for individuals with the specialized skills necessary to detect, investigate and deter fraud. For more information, go to *www.acfe.org.*

Certified Defense Financial Manager (CDFM). This recent newcomer is the first program to focus on DoD financial management. The American Society of Military Comptrollers (ASMC) makes CDFM testing available to all who seek to demonstrate proficiency in a broad range of defense FM competencies. The candidate base for this certification is the corps of journey- and management-level career professionals throughout the department. Applicants need to document certain minimum mixes of formal education and DoD job experience and pass all parts of a three-part test. Thus far, DoD-wide, we have over 200 Certified Defense Financial Managers, of whom 49 are Army. For more information, visit *www.asmconline.org/dfmc.html.*

Achieving and retaining professional certification benefits you by quantifying your level of experience. Certification improves your potential for personal upward mobility. Most importantly, certification states that our financial managers possess the skills, talent and competency to handle the changing responsibilities and demands being placed upon them.

I encourage each of you to seek CDFM or any of the other nationally recognized certifications that suit your field of expertise.

This medium is approved for official dissemination of material designed to keep individuals within the Army knowledgeable of current and emerging developments within their areas of expertise for the purpose of professional development.
By order of the Secretary of the Army:

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General, United States Army
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RESOURCE MANAGEMENT

First Quarter 2001 — *"Changing of the Guard"* — PB48-01-1

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Minimizing outsourcing risks

Lessons learned from the private sector

(Second of a two-part series)

by Charles C. Ulfig

To respond to the Office of Management and Budget mandates of Circular A-76 and the Federal Activities Inventory Reform or FAIR Act of 1998, the Army finds itself challenged with major management initiatives that will result in outsourcing (contracting out) a variety of functions. These efforts have great potential for cost savings, but they also are subject to several risks. In Part I of this article, we looked at the risks and examined private industry's efforts to minimize them. In this concluding part are proposals for how the Army might learn from these experiences, as well as more strategies from academic research and management experts to minimize the risks.

Managing Transition

Transitioning from an in-house function to an outsourcing arrangement involves a significant organizational change. There are several important considerations in this organizational change that will determine the success of the outsourcing decision. These considerations can be divided into two major areas, management of the internal workforce and integration of the contractor.

Managing Internal Workforce – Alienation

Outsourcing a large number of people's careers creates a large human cost that can affect a company's reputation. It also affects the loyalty of the employees who remain after outsourcing. Private firms can develop an image of being heartless profiteers. Public service providers can create political backlash. Outsourcing also naturally creates resentment in remaining employees, toward both the outsourcer and the contractor. This resentment is counterproductive and extremely difficult to overcome. Management must address the human resource issues of outsourcing very early in the process. The message here is, "Don't forget your people!"

Private sector firms place a high emphasis on supporting the outsourced employee. The Army also has several programs to support workers displaced by outsourcing. Programs include contract provisions for the supplier to employ displaced workers, retraining, help with finding new employment, job counseling, early retirement programs and other financial incentives. Regardless of the details of the considerations provided to the outsourced employee, communication is critical to the transition process. It can build trust and demonstrate loyalty to employees, and it can help the workforce understand that outsourcing can strengthen the company's chances for long-term success. Communication is a recurring theme in academic analysis and private industry experience to address risks of the outsourcing transition process. Some current opinions:

The process begins with communications, says analyst Caolan Mannion of Dataquest Inc. "Over time, outsourcers and their clients have come to believe that the earlier the employee knows about an imminent transition, the better," he says. "Employees should be informed through every stage from negotiating and bidding to implementation. This forestalls any rumors around the water cooler and keeps morale up." (Outsourcing-journal.com, 1999)

Simon Domberger states, "The importance of communication is stressed by almost every practitioner (and consultant) who has been involved with contracting. Immediately after a management announcement to contract out a service, fear and uncertainty by staff concerning their future employment are greatest. To mitigate this, the objectives, effects and proposed timetable of the contracting initiative should be laid out. This can be done through written communications, but if the numbers make it possible, management presentations to employees would add weight to the message. Communications should continue throughout the period leading up to the contractor taking over operations. They should involve all stakeholders, but especially trade union representatives, who should be won over at an early stage." (Domberger, 1998, p. 147)

Robert Rubin, CEO of Elf Atochem North America, a $1.7 billion integrated chemical company, offers the following lessons for successful outsourcing transitions:

- Make sure that you've paved the way inside the organization for changes brought in with outsourcing.
- Keep your own people well informed of exactly what is being done, and why.
- Pick a provider who is flexible and can adapt to your company's business.
- Similarly, listen to new ideas brought in by the provider's team.
- Do everything possible to build bonds between the internal team and the outsourcing vendor's people.
- Recognize the need for ongoing management of the relationship. (Johnson, 1999, p. 106)

Integrating the Contractor

Outsourcing companies must devote a great deal of work and management attention to make a smooth transition into new agreements. Knowledge transfer is important to avoid service gaps and allow contractors to get up to full speed as soon as possible. British Petroleum (BP) learned this through trial and error. BP outsourced its transactional accounting processing to PriceWaterhouseCoopers (PWC) in December 1996, becoming the first client of PWC's new Center of Excellence in Rotterdam, Netherlands (outsourcing.com, 1999). The two companies had some initial failures but learned from them:

The natural resentment of workers and managers who have watched colleagues and friends lose their jobs must be minimized.

'The biggest challenge was knowledge transfer,' says Street (of BP Oil Europe). 'PWC recruited people locally. They had the necessary language skills and varying degrees of financial background, but no knowledge of the oil industry. They were introduced to each country to learn our processes and build relationships with the people to whom they would soon be delivering the services,' he explains. There were some important lessons learned in that first phase, which included Austria and the Benelux countries. The time required to train new people in the processes, and particularly in dealing with exceptions to standard transactions, was underestimated. Service quality suffered initially, and this put a strain on relationships. But PWC learned its lessons quickly; and, combined with a greater hands-on involvement from BP management, the Swiss and German transitions were successful (outsourcing.com, 1999).

Conclusions

Outsourcing can be a very effective management strategy that can reduce costs, improve service quality and allow management to focus on their core competencies. However, these benefits do not come without risks. The primary outsourcing decision deals with the question, Should we outsource? Cases presented here have illustrated negative consequences that can result from a bad decision. In many cases, it is difficult to determine whether failures result from the decision to outsource or from poor implementation of the decision.

Monitoring a contractor's performance is essential to minimizing outsourcing risk. Management cannot just outsource functions and devote attention to their core business. Management can outsource performance, but they cannot outsource responsibility. There are significant costs associated with managing a contractor. Underestimating these costs can erase the cost savings that were the drivers in the initial outsourcing decision.

Effective contracting arrangements can minimize the risks of outsourcing. Many companies spread the risks of outsourcing and promote competition by using multiple vendors. This strategy can have tremendous advantages, but it also has significant drawbacks. It increases the effort (i.e., resources) required to manage and oversee multiple arrangements. Umbrella contracts covering many functions minimize costs but increase risks. Companies like Microsoft have approached the issue by using a combination of the multi-vendor and umbrella contract models. They use umbrella contracts where risks are minimal and use specialized contracts where risks are high and/or where performance is critical.

The transition from in-house performance to contractor performance is a critical period for minimizing risks. This period sets the stage for success or failure. Contractors must be familiarized with the client organization and be trained in the details of their duties. Knowledge transfer is a fundamental requirement. Proper planning and management can establish a productive relationship with the contractor. Cooperation helps the contractor get through the rough spots of the relationship and minimizes temporary performance losses.

Just as importantly, the organizational change that occurs during a transition period is critical to the client organization. The natural resentment of workers and managers who have watched colleagues and friends lose their jobs must be minimized. The social impacts of displacing workers can also damage the company. Private industry uses several forms of transition assistance to soften the impact of worker displacement. Their experience, however, shows that communication is the most important factor in the transition formula. Communication can build trust and demonstrate a company's concern for its employees.

Recommendations

- *Use corporate knowledge.* The Army has developed a great deal of knowledge about managing contracting risks. They have researched and used many of the strategies and procedures used by private industry. One of the most effective ways that the Army can minimize risk is to use this knowledge. Take advantage of guidance and assistance offered by the Army's office of assistant chief of staff for installation management. Good use of corporate knowledge is possible through comprehensive commitment and leadership at all management levels.
- *Devote adequate resources to contract management.* Minimizing the risk of outsourced functions requires effective oversight and close management interaction with the contractor. Outsourcing does not abrogate management responsibility.
- *Use innovative contracting mechanisms.* Private industry is using innovative techniques such as scorecards, progressive performance targets and contractor participation in internal meetings at all management levels. Relational agreements that focus on shared goals can be integrated into contracts or used as a complementary process. The Army should pursue waivers if regulations conflict with new ideas and Best Practices. Reinvention laboratories can facilitate the process of obtaining waivers and are dedicated to progress through new ideas.
- *Beware of hidden costs.* The Army must use due diligence in evaluating all costs of doing business with a contractor. Hidden costs can result from underestimation of a contractor's learning curve or from labor laws applicable to private vendors that do not apply to in-house performance. The Army must anticipate hidden costs, factor them into the selection process and incorporate them into contract language.
- *Evaluate risks to determine specialization and control needed for outsourced functions.* Some functions have so much inherent risk that they should be considered for standalone contracts. Multiple specialized, narrow-scope contracts are more expensive to administer, but they can still generate savings. Umbrella contracts, however, are appropriate in many cases. Outsourcing vendors continue to develop and expand expertise in multiple disciplines and can offer the greatest opportunity for cost savings and service improvements. The Army should carefully consider the business environment and unique circumstances.
- *Leadership and communication are crucial.* Outsourcing is a difficult choice that employees and managers rarely embrace. Even the most complete plans and programs to address the risks and human impacts of outsourcing will be ineffective without management commitment and communication. Leadership can minimize employee resistance to outsourcing through due diligence and communication. Remaining employees will put the success of the organization first if they perceive that they are being treated fairly.

About the Author: *Charles C. Ulfig is lead managerial accountant at the customer order control point,in the headquarters of the Army Materiel Command's Operations Support Command at Rock Island Arsenal, Ill. A former Army bandsman, University of Illinois-schooled accountant and private sector careerist, Ulfig joined the Army as a civilian in 1985. This student paper written for the 1999 class of the Army Comptrollership Program at Syracuse University, won the class research award.*

Current FA 45 challenges, opportunities

From the FA 45 Proponency Officer
Maj. Sean Hannah

This is an exciting time full of great opportunities for our functional area.

Over the next 12 months, we will see the first OPMS XXI selection boards (beginning with the July colonels' board) conduct force-structure reviews and briefings, continue the study of merging FA 45 and the Finance Corps and continue planning for the new intermediate level education (ILE) system. We want you to get engaged in these topics and send us your opinions and recommendations.

OPMS XXI Selection Board Update

In the last RM issue, we laid out the processes and procedures for OPMS XXI promotion boards.

The DCSPER is now discussing the "nuts and bolts" of how to conduct the boards to ensure that OPMS XXI goals are met.

Details such as board member composition, allocation of below-zone quotas, and conduct of the selections for the four career field competitive categories are under development.

The July board will set the tone of success for OPMS XXI, so we're anxiously awaiting the results and will provide you with our analysis.

We expect FA 45 to maintain the trend of meeting or exceeding Army averages.

FA 45 Force Structure

Another critical area of review is force structure. It is imperative that we mold a structure to ensure financial management expertise is allocated across the Army, developmental assignments are available to all FA 45 officers, and robust promotion opportunities exist.

As the Army promotes to requirements, promotion rates are an indirect result of the ratio of "faces to spaces."

It is thus absolutely critical that FA 45 force structure be properly shaped.

The Army as a whole is grappling with force structure imbalances and is attempting to get them in line with OPMS XXI.

For instance, there are currently over 360 infantry colonels in the population but only 68 authorized billets — the result of the war-fighting emphasis of the pre-OPMS XXI promotion system. These excess officers previously worked in either branch-immaterial assignments or their functional areas.

Under the old dual-track system, separate branch and functional area force structure wasn't as critical. To meet assignment requirements, functional areas such as FA 45 could reach over and pull from the population of dual-track officers at will.

Before OPMS XXI, officers competed against the general population as a whole; thus, aggregate Army-wide faces and spaces theoretically determined promotion numbers.

Now that "fences" divide the four new career fields, it is more critical that individual branch and functional area structures be properly shaped to support their own "pyramids."

I'll try to simplify the post-OPMS XXI process. The number of faces (population) is initially set, by year group, through the career-field designation or CFD process.

These numbers are the result of a model used in the office of the deputy chief of staff for personnel (ODCSPER). FA 45's CFD numbers are expected to average between 20 and 25 per year, as explained in last issue's article. This population is then adjusted by retirements and other attrition factors.

The other side of the ratio—officer requirements — is also set by year group, using unit document authorizations (TOE, TDA, for deployable and non-deployable units, respectively); training, transients, holdees and schooling or TTHS requirements and other factors.

Now, what does that mean to FA 45? Like most functional areas, we are a predominantly TDA-based (non-deployable) force.

Whereas the population is centrally controlled through CFD, control of the TDA authorizations is decentralized to the commands.

Field commanders have the authority to make continuing changes to their TDAs to meet their needs. These needs, however, may run counter to the needs of the functional area to provide developmental opportunities, key assignments and ample promotion opportunities.

The commands are under great pressure to meet the personnel requirements of Army transformation and the objective force, and the TDA slots have, unfortunately, usually been the billpayers.

The good news is that the deputy chief of staff for operations and plans (DCSOPS), the Total Army Personnel Command (PERSCOM) and DCSPER all recognize this disconnect under OPMS XXI.

They are attempting to get a handle on TDA structure through centralized documentation (CENDOC), which would require TDA changes to go through a force-development process similar to TOE changes.

We as a proponent therefore stand to gain increased control over TDA force structure. Until CENDOC is implemented, we need your help in the field to ensure that commanders are informed on the impact of FA 45 structure changes before they are made.

On a high note for FA 45 — going back to the infantry example of 68 authorized colonel slots — our functional area has 46 colonel authorizations and a much smaller population of promotion eligible lieutenant colonels.

What that means is that FA 45 can theoretically continue to see selection rates above Army averages.

FA 45 and Finance Corps Merger

In order to establish a world-class corps of military financial managers, the assistant secretary of the Army for financial management and comptroller (ASA(FM&C)) in 1997 conceptually approved combining core competencies of the Finance Corps (branch code 44) and the FA 45 community.

The Army Finance School last year sponsored a contract to get views from corps and division commanders on current and future financial management core competencies, processes and structure.

Last February, the school hosted a symposium of FA 45 and Finance Corps colonels and general officers to discuss challenges and opportunities, address the OPMS XXI environment and establish milestones.

The symposium consensus was to further analyze issues that included force structure at corps and below and at echelons above corps; other military services' approaches to financial management; core competencies and business practices and officer and noncommissioned officer training, certification and career progression. While the analysis continued, the Finance School commandant early in March briefed the acting ASA(FM&C) and selected general officers and senior executives on the contract survey recommendations and he recommended courses of action for force structure development.

The acting ASA(FM&C) reconfirmed approval of the merger concept but withheld force structure approval pending further analysis.

The FA 45 proponent plans to work closely with the Finance School to resolve concerns and conduct further joint analysis.

The two proponents together will research force structure, doctrine, training and other issues to ensure that the Army's needs are best met and that issues affecting noncommissioned officers and officers are resolved.

Approved milestones include a briefing to the TRADOC Combined Arms Support Command (CASCOM) commander and another joint 44/45 session in May, followed by a briefing to the TRADOC commander in June.

This is a long-term project. The current concept entails a phased merging of the functions of finance and comptroller.

An interim phase would include merging functions at corps and lower levels beginning with a provisional unit test in 2003 or later.

Since nearly 80 percent of current FA 45 force structure is at echelons above corps, this phase would affect about 20 percent of FA 45 organizations and structure but would have a much broader effect on the Finance Corps' structure.

An objective phase in 2010 and beyond would include documenting the merged officer specialties in the total Army analysis for 2011 (TAA 11), as well as further consolidating organizations at echelons above corps. We plan to keep you informed of the progress.

Intermediate Level Education

We've doubtless all heard about the plan for ILE and universal military education level 4 (UMEL4) since the late 1990's.

In an attempt to keep everyone informed, FA 45 Focus will provide an update on current developments.

Note that as this issue went to press, no final decisions had been made by the Army leadership or by the Army's Training and Doctrine Command (TRADOC) commander.

TRADOC staffed a draft leader development annex to the Army transformation operational concept and organizational design or O&O document last December. From this O&O and from previous correspondence, it appears that the ILE concept will be phased in sometime between October 2002 and September 2004.

The Command and General Staff Officer Course, as we know it today, will break into two segments, to be called phase I and phase II ILE.

Both phases will offer a resident option at Ft. Leavenworth, Kan., which will be open only to officers in the basic branches and in the psychological operations and multifunctional logistician functional areas.

All other functional area officers should plan to take phase I ILE by nonresident (correspondence) study or in the satellite campus mode, which TRADOC is still developing.

Functional area proponents will become responsible for providing phase II ILE content and oversight specific to their own areas.

We view this as a great opportunity to tailor a robust resident educational experience for our officers.

Although resident CGSOC provided intangible benefits, such as relationships built with fellow U.S. and allied officers, its curriculum failed to meet the needs of a professional financial manager. We welcome this opportunity to set our own course.

Your proponent is discussing options of centering FA 45 ILE on advanced civil schooling (ACS), as well as possibly combining ACS with some of the hard-skill military comptroller training found in our existing courses.

We have also discussed a "school of advanced military studies" or SAMS equivalent for our FA 45s. We welcome your suggestions and opinions on this concept.

Maj. Shawn Murray's article elsewhere in this issue offers another viewpoint on this subject for debate.

Get Your Own RM Issue in the Mail!

Obviously those who don't subscribe to RM or who have outdated addresses may not be reading this — so I'll ask your help to spread the word.

Many don't know they have to sign up through DFAS to receive this publication. Please ensure that all FA 45s in your organization send mailing instructions to the address shown at the bottom left of page 3 (the table-of-contents page) of each issue.

We are specifically hoping that this FA 45 Focus section provides useful information and a forum for communications to our officers.

From the FA 45 Assignments Officer, Maj. Brent Penny

FA 45 Board Results

Since publication of the last RM issue, the Army released results of the fiscal year 2000 colonels' promotion board. FA 45 again did exceptionally well, achieving selection at a 60 percent rate versus the Army-wide 52 percent rate.

The FA 45 selectees' experience in FA 45 jobs averaged 75 months, and all had master's degrees.

How Are Assignments Determined?

Does the assignments officer use a crystal ball when making assignments? By flipping a coin? Believe it or not, there is a methodology. Following is an explanation to dispel assumptions and misgivings about how the process works. Assignments are made on a quarterly basis.

Figure 1 shows report months and when requirements open and close. For example, if an officer is due to rotate out of an assignment in July, we need preferences by the preceding November or early December. Regarding va-

Report Months	Requirements Open For Fill	Requirements Closed For Fill	
October-December	April-June	End of June	January-March
July-Nov	Beginning of November	April-June	September-December
End of December	July-September	December-March	Beginning of March

Figure 1

cant requirements (billets), we can fill only the vacant requirements that also have officer distribution plan support.

ODP support means the number of officers currently on hand and available in the comptroller (FA 45) population, minus those in the TTHS account. As you can see from the diagram above, it is important to make your request known early. Ideally, we try to make an assignment five to six months in advance of the report date. However, that isn't the case with most assignments, and officers typically have been getting assignment instructions three to four months out, due to factors addressed below.

The assignment window looks like it should give plenty of time to make assignments, but in reality it is of short duration.

As of February, for example, I was still working the tail end of the April-June cycle that supposedly closed the end of December.

At the same time, I was also working the senior service college slate and the military education level 4 distribution and preparing files for the lieutenant colonels' board which was to meet the end of February.

Again, not much time, and if an officer requests a specific location or duty assignment late in the window (e.g., mid-February), the choices will be very limited.

What types of "factors" have impact on assignments? Time on station (TOS) and location always affect an assignment. All continental U.S. tours are 36 months.

Most overseas "long" tours are also 36 months, and exceptions are dealt with on a case-by-case basis. Unaccompanied tours are 12 months. Curtailing a U.S. or an overseas long tour (less than 36 months TOS prior to the report date) requires approval of the Personnel Command's officer personnel management director.

Military couples' assignments affect each other, since career paths and professional development time lines of both officers must be considered. In many cases, options are limited to account for the professional development of both officers.

Exceptional family member program or EFMP considerations may also limit available assignments. In some instances, officers cannot accept certain assignments because a desired location may not have medical or social services to meet the family's needs.

Besides the above factors common to all officer assignments, nominative jobs go through an additional two-step process: first, approval of a nomination by PERSCOM; then, final decision by a gaining agency or command to accept or decline the nominated officer.

All of these factors can and do delay officers' assignment instructions. Any time that both officers and their families are involved, the assignment process can become quite complex. My intent as your FA 45 assignments officer is to match each of your preferences with Army requirements. However, in some cases the optimum match is not possible, and in the end I must match an officer's skill set with requirements that overall best serve the officer and the Army.

Army Comptrollership Program (ACP) Military Selectees

PERSCOM's advanced civil schooling office has confirmed participation in the ACP class of 2002 at Syracuse University for FA 45s:

Maj. Michael Barkett	Capt. Thomas Belkofer
Capt. Charles Bledsoe	Capt. Thomas Davies
Capt. Keith Igyarto	Maj. Karl Lindquist
Maj. Charles MacDonald	Maj. Daniel McGreal
Maj. Chrisopher McManus	Capt. Earl Rilington
Capt. Scott Roth	Maj. David Savold
Capt. Robert Unger	Maj. Florian Webster.

The 14-month, 51-semester-hour Master of Business Administration program starts early next June and ends in August 2002.

Congratulations to all; you've got your life's most intensive academic work just ahead!

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Proponency for Functional Area 45, Comptroller

by Maj. Shawn Murray

The Army's officer professional management system for the 21st century, OPMS XXI, fundamentally restructured the officer corps by forming career fields of highly specialized functional areas.

This new structure recognized the need for officers to develop specialized skills to help better manage the Army. Functional area 45 officers represent the Army's resource management experts, whose jobs it is to advise commanders on the efficient and effective use of allocated resources.

To develop these competent resource managers, the Comptroller Proponency Office in the Office of the Assistant Secretary of the Army for Financial Management and Comptroller, OASA(FM&C), has the responsibility for ***all*** life cycle management functions for military comptrollers.

My purpose is to recommend management policies and procedures that may help to develop world-class Army military comptrollers.

I'll start with a focus on the current FA 45 program by describing the purpose and functions of military comptrollers; required skills, knowledge and attributes; professional development opportunities and qualification requirements of the life cycle development model; and FA 45 proponency missions and functions.

With that as a start point, I'll then address three different issues:

1. Whom should the Proponency office target among military comptrollers for acceptance into the Army Comptrollership Program (ACP)?
2. What should be the functional area specific portion of intermediate level education (ILE) qualification for FA 45 officers? and,
3. What policies or practices can the Comptroller Proponency Office adopt that would improve the management of military comptrollers? I'll conclude with several recommendations for the Comptroller Proponency Office.

My purpose is to examine the proponency of FA 45 through all life cycle functions in order to make recommendations designed to improve the quality of FA 45 development and management.

I began by researching current FA 45 proponency policies, guidance and doctrine to identify current professional development requirements and FA 45 management responsibilities. By examining current personnel management issues applicable to all branches and researching life cycle management programs for other functional areas within the institutional career field, my intent was to identify good ideas worthy of examination and make policy and procedural recommendations to help create highly-trained military comptrollers.

The Current FA 45 Program

FA 45 officers "provide commanders with the advice, expertise and guidance" necessary to cover the full spectrum of resource management requirements.

Specifically, Department of the Army pamphlet (DA Pam) 600-3 lists the following key resource management functions:

· Issuing instructions for and developing and preparing the program and budget
· Providing resource-related recommendations to leaders
· Monitoring execution of the program and budget
· Developing performance factors, analyzing capabilities based on available funds and recommending appropriate funding to implement approved programs
· Exercising staff supervision and control of accounting and financial services
· Performing cost and economic analysis
· Evaluating organizational structure and functional responsibilities
· Providing for manpower management and documentation of civilian workforce and military [table of distribution and allowances] structure
· Coordinating review and analysis presentations and making recommendations
· Administering internal controls.

The overall intent is for comptrollers to serve as honest brokers and to help commanders efficiently and effectively utilize available resources.

In addition to being premier war-fighters who are up to date on Army structure, organization and doctrine, comptroller functional area officers must possess unique skills, knowledge and attributes.

Thorough understanding of and ability to use automated financial management systems is a given. Comptrollers have to be able to effectively articulate orally and in writing technical financial information to commanders.

More importantly, RMs have to be able to translate detailed financial information into meaningful conclusions and recommendations for commanders to improve resource allocation and expenditure.

Additionally, FA 45 officers are expected to be well organized, able to work in the absence of guidance, and able to anticipate and react to changes affecting sensitive political and legislative considerations.

In terms of unique knowledge, comptroller functional area officers must understand the complete RM process, including manpower, from Congress down to the unit level.

Further, RMs must understand the laws and regulations governing proper use of funds and how to positively influence the funding cycle at all points along the chain.

Lastly, comptrollers need to remain current on economic trends, developments on the civilian side of the RM community (CP 11), and technical updates affecting automated financial management systems. In addition to special skills and knowledge, DA Pam 600-3 identifies unique attributes for FA 45 officers. These attributes include being oriented on technology and training, abstract thinkers, and creative problem solvers.

Finally, comptrollers "must be war-fighters who possess the highest standards of discretion, judgment, integrity and professional ethics."

Life Cycle Development Model

The professional development goal for FA 45 officers is "to produce and to sustain highly qualified tactically and technically proficient officers who are able to lead, to think and to leverage existing and future technology in performing resource management functions."

With no authorizations for lieutenant positions and no officers in the grade of lieutenant authorized in the comptroller functional area, the life cycle development model does not begin for FA 45 officers until the rank of captain.

Sometime between the 5th and 6th year, all commissioned officers receive designation in a functional area. After designation as an FA 45 officer and following basic branch qualification as a captain, FA 45 officers are eligible to apply for advanced civil schooling through the ACP at Syracuse University and/or serve in an initial comptroller assignment.

While serving in a comptroller assignment as a captain can be helpful during the career field designation process, an FA 45 officer is not required to serve as a captain in a designated FA 45 position. Entry level training courses available, but not required, are the planning, programming and budgeting execution systems course and the resource management budgeting course. PPBES focuses on the fundamentals of resource management and the budget process, while RMBC extends beyond PPBES with a focus on Army budgeting procedures.

Qualification and development requirements begin at the rank of major. Following promotion to major and career field designation into the institutional support career field, FA 45 majors serve the remainder of their careers as comptrollers.

The only exception is the occasional assignment to a branch/functional area generalist position. These generalist positions include assignments in recruiting, ROTC, U.S. Military Academy faculty and staff, Inspector General, and Reserve Component.

DA Pam 600-3 states that comptrollers can expect one 24 to 36 month tour in a generalist position prior to selection for Colonel.

However, the FA 45 personnel manager does not believe that this policy will pertain to all comptrollers based on the fact that FA 45 has yet to receive any generalist positions to fill with career field designated majors or lieutenant colonels.

To be considered qualified, FA 45 majors must successfully "complete Command and Staff College (CSC) ([military education level] 4), complete the Army Comptroller Course (ACC) and successfully serve 24 months in an FA 45 assignment." Beyond the education requirement of completing ACC and either resident or non-resident CSC, the intent is for most FA 45 majors to enhance their RM skills by completing graduate level education or participating in military or civilian financial management training opportunities.

Lieutenant colonels can expect primarily to serve in senior staff FA 45 assignments. All positions coded as FA 45 assignments for majors, lieutenant colonels and colonels are considered qualifying assignments.

The minimum cumulative experience for LTCs to be considered functional area qualified is 48 months. Finally, qualified FA 45 LTCs must successfully complete either the Professional Resource Management Course (PRMC) or the Professional Military Comptroller School (PMCS) and should have an accredited master's degree (CEL 2).

Considered intermediate-level education, the PRMC is a Department of the Army course for present and future RMs taught at Syracuse University. This 4-week course is intended to provide a better understanding of the Army's RM process and improve management skills. The PMCS is a 6-week DoD course intended to "expand resource managers' knowledge of issues and policies affecting defense resource allocation and military readiness."

Colonels are considered "the senior practitioners in the comptroller functional area" and can expect to serve on high-level staffs as RMs or in generalist positions. There are only two requirements for functional area qualification at the colonel level. First, qualified colonels must complete either a senior service college or the non-resident U.S. Army War College Distance Education Course. The second requirement is completing a minimum of 60 months of cumulative service in FA 45 assignments.

FA 45 Proponency Missions and Functions

"The comptroller functional area goal is to maintain a healthy, viable career path for FA 45 officers."

Toward this objective, several offices and organizations play key roles in the management and professional development of FA 45 officers. Most involved in the management of military comptrollers are the ASA(FM&C), the Comptroller Proponency Office, the FA 45 career manager and the U.S. Army Finance School.

As the leading Army RM authority, the ASA(FM&C) "exercises the comptroller functions of the Department of the Army and advises the Secretary of the Army on financial management."

The major offices of the ASA(FM&C) include the Principal Deputy ASA(FM&C), the Deputy ASA (Budget), the Deputy ASA (Financial Operations), the Deputy ASA (Resource Analysis & Business Practices) and the Deputy for Cost Analysis.

The Comptroller Proponency Office supports the ASA(FM&C) "with proponent oversight and management of the Comptroller Functional Area (FA 45) and the Comptroller Career Program (CP 11)."

As such, the proponency office is responsible for the career management and professional development of both civilian and military comptrollers.

On the military side, the proponency office performs management oversight of all FA 45 life cycle functions, including "structure, acquisition, individual training and education, distribution, individual and unit deployment, sustainment, professional development, and separation."

Though the proponency office has numerous functions and responsibilities, the following five key functions relate directly to issues, analysis and recommendations follow:

1. Publish the Functional Area 45 (Comptroller) Career Field Professional Development Guide.
2. Manage the nomination and selection process for both military and civilian students attending intermediate-level professional development courses, including PRMC, PMCS and ACC.
3. Provide functional support to Army schools and training programs involving RM instruction.
4. Coordinate ASA(FM&C) input to RM doctrine and policy.
5. Administer and support proponency/career management advisory boards, e.g. the CP 11 Executive Council and the CP 11 Junior Executive Council."

Another major player in the management of military comptrollers is the FA 45 assignments officer, who serves as the primary link between the proponency office's policies and guidelines and the active duty military officers serving in

FA 45 positions.

In addition to filling required positions, the FA 45 assignments officer is responsible for ensuring that officers within the functional area receive minimum education and experience to remain qualified and competitive.

For entry-level training associated with the basic developmental phase of professional development, the FA 45 assignments officer can approve and schedule officer attendance at both the PPBES course and RMBC.

An important change under OPMS XXI gives the FA 45 assignments officer authority to nominate candidates for the ACP.

However, the proponency office retains final approval authority for acceptance into this program.

Similarly, the FA 45 assignments officer nominates qualified officers for intermediate and advanced education courses, while the proponency office retains the approval authority.

The Finance School serves as the Training and Doctrine Command (TRADOC) doctrinal proponent school for finance and RM operations. As such, the Finance School conducts all training covering finance operations and entry-level RM instruction for military and DA civilian personnel.

The school performs two significant functions with respect to FA 45 officers.

First, its Financial Management Operations department conducts the PPBES course and RMBC at Fort Jackson and abroad for FA 45 officers.

Second, the school is the doctrinal proponent for Army field manual (FM) 14-100, Financial Management Operations.

FM 14-100 merged and superseded FM 14-6 and FM 14-7 to become the primary doctrinal reference for finance and RM operations within the Army.

Issues for Analysis

Whom should the proponency office target among military comptrollers for acceptance into ACP?

While advanced civil schooling is an option for officers with fewer than 17 years of active federal commissioned service (AFCS), the target population for this program remains basic branch qualified captains, preferably between the sixth and eighth year of AFCS.

Prior to OPMS XXI, this target demographic made good sense, since earlier completion of the program increased the likelihood of getting another comptroller utilization tour beyond the mandatory three-for-one payback utilization tour.

However, OPMS XXI presents significant changes to the personnel management system that warrant a reexamination of eligibility preferences for this outstanding academic program.

Unlike the previous dual-tracked personnel management system, OPMS XXI introduces a new decision point at the time captains are considered for promotion to major.

This decision, known as career field designation (CFD), involves designating all officers within either a basic branch or a functional area.

From this decision point until retirement, officers can expect to serve within their designated specialty.

The benefits of keeping the current ACP eligibility preferences include the opportunity to get a much greater return on investment with increased years of service as a comptroller — if these ACP selectees become full-time FA 45 officers during the CFD process.

The status quo increases risk that ACP graduates could serve less time as comptrollers under this new system.

For example, non-promotable captains can complete ACP, serve their required utilization tour, and then select their basic branch during CFD.

At this point, these officers lose the FA 45 designation and serve no more time as comptrollers.

Extending this scenario further, some officers might not even serve as comptrollers long enough to fulfill their active duty service obligation.

Captains who enroll in ACP later or become promotable early, then select their basic branch during CFD could reasonably expect to serve only two years or fewer of the required 3-year utilization tour.

The ACP class of 2000 had one officer who requested designation within his basic branch, i.e., not to become designated as an FA 45

Comptroller. As he will be attending the Command and General Staff College next year and will likely be tracked as a basic branch officer, it is possible that he may not serve any of his active duty service obligation.

Another option (recommended) is to target promotable captains and junior majors who have been career field designated as FA 45 comptrollers within the institutional career field.

This option would increase the return on investment in terms of breadth and depth of service, by ensuring that all ACP graduates would serve as comptrollers for the remainder of their careers.

Further, each graduate would expect to serve for an average of six to eight years as a full-time comptroller before becoming retirement eligible. Additionally, targeting newly CFD'd FA 45 majors is consistent with comptroller assignment opportunities and qualification requirements.

Majors have more FA 45 job opportunities than captains, and education and experience qualification requirements do not begin until FA 45 officers become majors.

Disadvantages include the possibility of limiting FA 45 utilization return on investment and compressing too many requirements into an already tight time line for FA 45 majors.

The FA 45 Professional Development Guide states that officers who request ACP "should realize their acceptance in ACP will probably get them board-designated as ISCF [institutional support career field]."

However, the same guide also states that personal preference weighs heavily in the selection process and that "to stand a chance of getting selected [in a function area] you must make that your first choice."

The implication is that having graduated from ACP may not outweigh personal preference in instances where the officer requests to remain in the operational career field.

The CFD results to date confirm this implication in that 100 percent of officers who requested the operational career field received their first choice.

Under the current system, FA 45 majors have tight career progression time lines. For officers attending the 10-month resident CGSC, adding ACP makes completing these qualification requirements more difficult prior to their LTC selection board. Until implementation of changes under OPMS XXI, FA 45 officers who attend resident CGSC will have a difficult time attending ACP and gaining the required 24 months of comptroller experience unless they served in comptroller positions as captains.

For the half or more of FA 45 officers who will not attend resident CGSC, attending ACP as a major should be a problem.

In summary, my recommendation is that the proponency office change the eligibility preferences and provide guidance to the FA 45 assignment officer to favor ACP applications from fully qualified officers who have been career field designated within the institutional career field as FA 45 officers.

With personal preference so heavily weighted as a decision criterion in the CFD process, it makes good sense to wait until after the CFD process before sending officers to the ACP. This recommendation ensures the greatest return on investment with ACP graduates expecting to serve for the remainder of their careers as comptrollers.

Intermediate Level Education (ILE)

The universal education requirement for all majors, ILE [functional variants of the old one-size-fits-all CGSC] poses the second issue: What should be the functional area specific portion of ILE qualification for FA 45 officers?

The concept for ILE currently under discussion calls for completion of a core curriculum and a branch/functional area portion of training for all officers.

The core curriculum is intended to be common for all officers, last no more than four months, replace the current CGSC requirement, and be taught at Fort Leavenworth and at extended campus learning sites. Currently, Syracuse is one of the proposed extended campus sites.

The newly formed Army Comptroller Course (ACC), which is offered at Syracuse University as a qualification course for majors, will serve as the functional area portion of the ILE requirement for FA 45 to earn military education level (MEL) 4 qualification under OPMS XXI.

Assuming that the final ILE approved con-

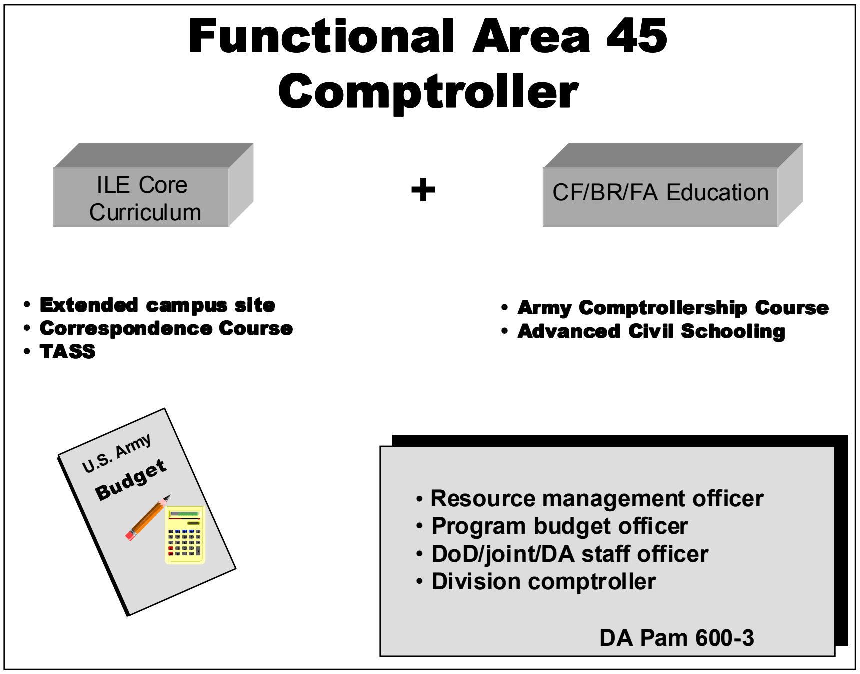


Figure 1

cept resembles the current concept description, the primary advantage of using ACC to fulfill the functional area portion of ILE training is flexibility. With ACC designed, resourced and offered at Syracuse, this four-week course is easy to synchronize with an approved ILE core curriculum implementation plan.

Additionally, the total duration of both phases of ILE training (core plus ACC) would likely be five months, which is much less than the current 10-month curriculum taught at resident CGSC.

The only significant disadvantage of this plan is that the onus would still rest on non-CEL 2 [civilian education level 2, master's degree] qualified FA 45 officers to complete graduate education.

This situation compares unfavorably to officers of the operations career field and other functional areas who will be attending ILE instruction at Ft. Leavenworth, Kan. and are likely to graduate with a Master of Military Arts and Sciences (MMAS) degree, thereby simultaneously completing their ILE and CEL 2 requirements.

Another option (recommended) is for FA 45 officers to complete the 14-month ACP as the functional area portion of ILE training for majors. Newly designated FA 45 officers would come to Syracuse for both the four-month core curriculum and the ACP. Acceptance into the ACP would still require meeting all of the selection criteria.

Officers who could not attend ACP due to problems in meeting selection requirements or tight career progression time-lines would attend ACC to meet the minimum ILE qualification standards.

The chart in **Figure 1** shows the most current concept for FA 45 ILE under discussion at TRADOC's Combined Arms Center. Formally establishing ACP as the preferred option for ILE training would build on the previous recommendation to favor newly designated comptrollers for ACP selection. Advantages include setting the highest quality education opportunity as the standard for FA 45 intermediate-level professional development. Offering FA 45 officers the opportunity to earn an MBA as a part of required ILE allows simultaneous completion of both MEL 4 and CEL 2 requirements.

Officers who would otherwise be distracted by the demands of pursuing an advanced degree during their spare time would be free to focus on their duties at work and enjoy a higher quality of life at home.

Finally, sending officers for the required 18 months to complete ILE enables a permanent change of station (PCS) to Syracuse in lieu of costly temporary duty (TDY) for five months.

This final advantage assumes that the training time for ILE consisting of core curriculum plus ACC would not exceed six months, which is the PCS threshold.

While the cost difference in financial terms is unclear, TDY means family separation for up to six months, while PCS means greater stability with no family separation.

One significant disadvantage of this option is the loss of flexibility that comes with having to synchronize a 14-month program with an approved ILE core curriculum.

It is safe to assume that major ACP schedule changes involve great difficulty, as this program carefully synchronizes the DA-specific curriculum with the Syracuse School of Management's mainstream MBA curriculum.

Synchronization would most likely involve scheduling the required four-month core ILE training around the much longer ACP.

Another challenge is that an 18-month ILE program puts increased pressure on FA 45 officers to gain the required 24 months of comptroller experience prior to promotion to lieutenant colonel.

This concern is greatly diminished for officers who gained comptroller experience as captains.

However, this group only represents at most, 20 percent of FA 45 officers. Because this option meets MEL 4 and CEL 2 requirements with the highest possible education standard, and most majors have four years' time in grade to gain the required 24 months of comptroller experience, the benefits seem worth the price of decreased flexibility.

Another major disadvantage of using ACP instead of ACC to fulfill required intermediate level education for majors is the added cost of additional ACP slots.

According to the FA 45 assignment officer, between 22 and 26 officers per year group are career field designated as comptrollers. For this analysis, I'll assume an average of 24 officers per year.

According to the Comptroller Professional Development Guide, ACP class size "of 25 to 30 includes half to two-thirds Active and Reserve officers, the others civilian members of the comptroller profession from the Army, Defense agencies and other services."

Assuming that half of all slots are funded for active duty military comptrollers, current funding levels support 12 to 15 slots annually. Assuming that 20 out of 24 officers per year group would qualify for acceptance and be available to attend the full 18-month ILE program, a potential funding shortfall needed to support 5 to 8 additional slots exists.

At approximately $30,000 per ACP slot versus $5,000 per ACC slot, this shortfall would require an additional $125,000 to $200,000 to cover the incremental cost of the additional 5 to 8 slots.

Despite the pressure on career progression time lines and the possible added cost, my recommendation is that the Comptroller Proponency Office formally establish ACP as the preferred option for ILE training of newly designated FA 45 officers.

This recommendation builds on the idea of increasing the ACP return on investment by establishing the highest quality education opportunity available as the standard.

Comptroller Functional Area Management

What policies or practices can the Comptroller Proponency Office adopt that would improve the management of military comptrollers?

With the tremendous changes in military personnel management system being brought on by OPMS XXI initiatives, I wanted to look at neighboring functional areas in the institutional support career field to identify good ideas worth exploring as management techniques or tools for Comptroller Proponency to incorporate.

Both FA 43 Human Resource (HR) Management and FA 49 Operations Research/Systems Analysis (ORSA) proved interesting studies that yield unique approaches to similar challenges facing FA 45 proponency.

As with FA 45, the FA 43 proponency office felt the need to develop a qualification course for their newly designated officers. The most interesting aspect of FA 43's 80-hour instructional module was the delivery technique.

Instead of the standard instructional approach, the HR proponency office elected to provide this instruction to all regular Army, Reserve and National Guard HR managers via interactive CD using the distance learning model.

I see the value of this model more as an alternative for providing entry-level comptroller training (PPBES and RMBC) than for conducting intermediate-level training, such as ACC.

The Financial Management Operations Department of the U.S. Army Finance School taught 744 students either PPBES or RMBC in the 1999 training year and expected to teach 1,234 students in 2000. Converting this instruction to either interactive CD or web-based instruction could potentially free up two resource management instructors. I recommend that the

Comptroller Proponency Office direct an analysis of the potential savings of converting both the PPBES course and RMBC to interactive CD or web-based distance learning models.

The FA 49 ORSA Proponency Office had two interesting approaches yielding good ideas worth consideration by the Comptroller Proponency Office. First, the ORSA proponency office is located at the TRADOC

Analysis Center (TRAC), which is more or less the ORSA community center. As with FA 45, FA 49 has a DA-level office, the deputy under- secretary for operations research, serving as the overall proponent for FA 49.

While the Comptroller Proponency Office has similar responsibilities for managing the life cycle functions of its military officers, the office's proximity to issues and actions affecting policy and doctrine constitutes a significant advantage.

My recommendation is that the Comptroller Proponency Office consider establishing a small RM proponency office at Syracuse University to manage training and doctrine development issues. For FA 45 officers, Syracuse University is emerging as a center of gravity for training and doctrine.

Using the FA 49 example, it makes sense to locate an extension of the Proponency Office to handle doctrinal and policy input affecting RM training for military comptrollers.

Building on the previous recommendation, shifting FA 45 instructors currently assigned to the U.S. Army Finance School to staff this office would put a full-time RM staff on location at the one place to which all military comptrollers must come for intermediate level training.

With the students coming to Syracuse to attend ACP, PRMC or ACC, instructors/staff would have access to valuable RM experience from military and civilians to collect as doctrinal and policy input.

Additionally, the well-developed link between the university and private industry would prove invaluable in establishing training with industry opportunities for FA 45 officers in the future.

The second interesting FA 49 managerial approach worth considering is the use of an advisory committee. Each year, the ORSA community holds an annual conference to discuss major internal professional issues and make decisions affecting the career management of both the FA 49 and CP 16 segments of the ORSA community.

The advisory committee comprises key Army ORSA leaders. The ORSA proponency office collects input from committee members and from the field and makes recommendations to the board for consideration and decision at the annual conferences. For the past three years, the advisory committee has focused on personnel issues associated with OPMS XXI initiatives and required changes.

I recommend that the Comptroller Proponency Office propose to the ASA(FM&C) formation of an FA 45 military comptroller advisory committee of key military RM leaders to meet annually to discuss issues affecting the FA 45 community.

The Comptroller Proponency Office has the responsibility to support such advisory boards and does so with two CP 11 advisory boards. With tremendous changes like the possible merger of the Finance Corps (BR 44) with FA 45 currently under study, forming an FA 45 advisory committee makes sense.

This advisory committee could be established with the goal of ensuring that the different opinions, good ideas, best practices and parochial concerns within the FA 45 community get heard by the ASA(FM&C) decision-makers.

Using the case of this possible merger (known as the FIRM concept) as an example, many non-Finance comptrollers view this concept as more of an attempt by the Finance Corps to remain relevant to the Army than a measure designed to improve FA 45 capabilities and quality of service.

The fact that the initial FIRM concept called for the Finance Corps, which is only a small part of the RM community at 18 percent and shrinking each year, to absorb the comptroller functional area heightened early suspicion. Despite the fact that the Finance School formed an advisory board for this study, use of a standard and representative advisory committee right from the start might have helped to allay suspicion and maintain credibility.

Conclusions and Recommendations

The 1990s have been a decade of tremendous change for the Army. Changes in threats, missions and force structure have led to major initiatives to improve the way the Army fields, trains and fights its forces. OPMS XXI fundamentally restructured the officer corps by forming career fields of highly specialized functional areas.

This new structure recognized the need for officers to develop specialized skills to help better manage the Army. Functional Area 45 officers represent the Army's resource management experts, whose jobs it is to advise commanders on the efficient and effective use of allocated resources.

To develop these competent resource managers, the FA 45 Proponency Office of the ASA(FM&C) has the responsibility for life cycle management functions for military comptrollers. I have developed and presented several recommendations for doing that better:

1. Change the eligibility preferences and provide guidance to the FA 45 assignment officer to favor ACP applications from fully qualified officers who have been career field designated within the institutional career field as FA 45 officers.
2. Establish ACP as the preferred option for intermediate level education or ILE training of newly designated FA 45 officers.
3. Direct an analysis of the potential savings of converting the PPBES course and the RMBC to interactive CD or web-based distance-learning models.
4. Consider establishing a small RM proponency office at Syracuse University to manage training and doctrine development issues.
5. Propose to the ASA(FM&C) formation of a FA 45 military comptroller advisory committee of key military RM leaders to meet annually to discuss issues affecting the FA 45 community.

Editor's note: These are one individual officer's views about FA 45 proponency, training and development. We welcome others from our readers. E-mail your comments to Maj. Sean Hannah: *hannahst@hqda.army.mil.*

About the Author: Maj. Shawn Murray, a 1986 U.S. Military Academy graduate, is a budget analyst in the office of the deputy chief of staff for RM with U.S. Army Pacific headquarters at Ft. Shafter, Hawaii. He wrote this article as his student paper in the Army Comptrollership Program class of 2000 at Syracuse University.

Comprehensive training experience added to course

The Army Comptroller Course is a recently-added four-week comprehensive training experience for officers newly designated into the institutional support career field in functional area (FA) 45.

It is also for journey-level Army civilian careerists and second-year CP 11 Comptroller interns. The first of three fiscal year 2001 classes finished in February and gave 12 officers, six interns and nine other civilians from 12 commands and agencies a taste of what it's like to be a "real" field comptroller.

The course, taught at Syracuse University in upstate New York, focuses on federal budget challenges, strategic planning, the planning-programming-budgeting-execution system or PPBES, accounting, fiscal law, activity- and service-based costing, manpower management, contracting, management controls, competitive sourcing, financial operations, the legislative process, and installation and major command resource management.

ACC is especially well suited for Comptroller interns in the second year of their Department of the Army internship. If you are a second-year CP 11 DA intern, or you work with one, or you supervise one, consider proposing or including ACC as part of the intern's second-year training plan. Tuition for interns is funded by intern applicants' commands. The $5,100.00 fee covers four weeks' lodging, weekday meals and the cost of the instruction.

More information is available at:
proponency@hqda.army.mil

The Army's Annual Financial Report

Its intended audience and impact

(Part II of a series)

by Captain Anthony Gautier and Phyllis Korcz

Editor's Note: *In the last issue, the authors evaluated the narrative or non-financial portion of the Army's 1999 Annual Financial Report and those of selected publicly traded corporations. They looked at the reports' purpose, intended audiences and other key influences on the organizations, and they assessed the reports' content, format, style and messages, comparing the corporate examples to the Army. They analyzed each report's intent and evaluated the reports' effectiveness in communicating their messages.*

In this concluding segment, the authors recommend several ways to improve the Army's annual financial report in terms of format, content, tailoring the report to intended audiences and possibly expanding the range of those audiences.

Deere & Company, best known for its line of John Deere brand farm equipment, has been in existence for more than 160 years since it revolutionized farming with its steel plow.

The four corporations selected for this research effort were Ford Motor Company, Merck & Company, Deere & Company and Fluor Corporation. All of these companies have international operations and are major contenders in their specialties.

We selected Ford Motor Company for many reasons. Similar to the Army, Ford carries a large property, plant, and equipment balance on its balance sheet. Ford Motor Company has a long and prosperous tradition as a business venture dating back to 1903. Lastly, Ford Motor Company was selected because of its global presence, receiving 30 percent of its annual revenues from abroad.

Merck and Company was included also because of its large Property, Plant, and Equipment balance on its balance sheet. Additionally, the politically sensitive nature of prescription drug costs can give us insight on how the private sector works the legislature to its advantage. Lastly, like the Army, comparisons can be derived between the Army's research and development efforts and the pharmaceutical research and development efforts.

We selected Deere & Company primarily for its similarities to the Army in reputation and longevity. Deere & Company also resembles the Army in that they both are global enterprises, they share a significant interest in asset management and they have in common an increasing requirement for technological demands and declining resources.

In Fluor Corporation, we find similarities with the Army in breadth of operations. Fluor provides an array of services from contracting to coal mining. The Army has a wide scope of operations as well. Additionally, Fluor's focus on logistics, specifically with construction fleet management, makes it a good candidate for comparison with the Army and its asset management issues. Fluor, like the Army, is facing issues of management of real property and elimination of assets whose values do not support the cost of capital.

Deere & Company

Corporate Vision: Achieving Genuine Value for Customers Worldwide

"As a global enterprise with its roots in the practical processes of caring for and utilizing the land, John Deere has grown and prospered through a long-standing partnership with the world's most productive farmers and other customer groups. As a result, Deere has developed closely related interdependent operations, which involve the manufacturing and marketing of equipment, plus various support operations, and financial services. All of Deere's businesses are committed to providing Genuine Value to our stakeholders—customers, dealers, shareholders, employees and communities. In support of that commitment, the company seeks to achieve profitable growth on a global scale, enhance efficiency through continuous improvement and provide products and services of distinction, through business innovation."

In its 1999 annual report, Deere & Company describes itself as "one of the world's oldest and most respected enterprises". Deere & Company, best known for its line of John Deere brand farm equipment, has been in existence for more than 160 years since it revolutionized farming with its steel plow. In addition to the farm equipment line, Deere & Company also produces construction and forestry equipment, commercial and consumer equipment, supply repair parts and engines, and other technological products and services. Deere & Company has also branched off into credit services and managed health-care programs.

As is the case with most corporations, Deere & Company makes its annual report available online at the company's web site. The narrative or non-financial portion of the report is 26 pages long and contains many colorful graphics and photos. It opens with a few graphs depicting the overall financial condition of the company followed by a 3-page message from the chairman. Following this are an overview of the past decade and brief introductions of the corporation's divisions. The rest of the annual report's non-financial portion has detailed accounts of the corporate divisions' initiatives and performance.

We chose Deere & Company for its maturity, international presence and involvement with specialized, expensive equipment—factors that largely replicate the Army environment. Additionally, recent technological influences on farming and farm equipment track well with Army modernization initiatives. Deere & Company also has faced declining revenues over the past years, during which time the Army has been experienced drawdowns and budget reductions.

Chairman's Message. Chairman and chief executive officer Hans W. Becherer puts a positive spin on the year's depressing sales figures. He highlights the new products, production facilities, international ventures and asset-management techniques that enabled Deere to achieve a profitability in spite of what he describes as one of the worst years on record for the farm economy. He maintains that the measures taken to achieve this success during a year of depressed sales will result in vigorous growth when the agricultural economy begins to grow again. Unlike Army secretary Caldera, Becherer, in his second decade as CEO, had insight into the changes at the company and the environment during this time period. Caldera describes the changes to the environment, but as a political appointee cannot expect to enjoy the same length of tenure as Becherer.

Similar to Caldera's message, Becherer describes the significant transformations the company has undergone. Large farm equipment, the division for which Deere & Company is best known, experienced a 35 to 40 percent decline in sales. The successful management of cash flow, achieved by field inventory reductions, was critical to the company's financial success. Underproduction of major end item equipment is part of Becherer's strategy to position the company to move toward individual customer orders.

Becherer describes several significant achievements that he asserts will position Deere & Company for future consistent growth. These include the introduction of new combine harvesters that take advantage of the latest technology. The construction equipment division achieved process improvements in order fulfillment and increased its customer base by targeting large contractor customers. The commercial and consumer equipment division grew sales by 21 percent and increased market share. John Deere Credit expanded international and agribusiness offerings.

Deere's safety concerns apply to both its employees and its customers. The report describes the safety achievements at Deere facilities and also product safety initiatives.

Deere & Company's vision of genuine value is carried throughout the chairman's message. Value initiatives are focused on customer and investor satisfaction. Becherer lists process-based initiatives targeting six-sigma levels of performance and customer satisfaction. Growth in the various divisions is addressed in terms of the markets to be targeted and a brief mention of acquisitions and mergers. Investment in infrastructure and research and development, especially in the areas of software, electronics and communications represent the company's vision for future growth.

Becherer describes the link between the agriculture economy and Deere & Company. His emphasis on international business leads us to believe he finds the U.S. market mature or even declining. He anticipates global dominance based on an international trend toward the increased need for farm mechanization. Similar to the Army, Deere & Company is also focusing on information technology. While the Army describes the need for information technology to support national military strategy, Deere believes it is necessary for preservation of market share and for future growth. Their main focus is on internet applications for sales and promotion.

Becherer discusses the improvements in asset management at Deere & Company. Inventories are the primary assets he is concerned with, and aligning production to demand has been a significant improvement to the company. The Army is also concerned with asset management, as this is the primary barrier toward obtaining an unqualified audit opinion for its financial statements. Caldera is concerned with this issue and discusses it in his statement.

Becherer and Caldera discuss similar topics including declining resources, global concentration, logistics and the focus on information technology. As the Army is focusing on its revolution in logistics, Deere & Company are opening new supply channels for the distribution of their products. Global positioning, a product of military research and key to Army asset management, is employed by Deere & Company in some of its newest agriculture "smart-machines". Becherer provides an emphasis on genuine value through continuous improvement. Caldera also mentions improvement initiatives but focuses more on specific goals such as meeting the requirements of the CFO Act.

Agricultural Equipment Division. In the section of the annual report dedicated to the Agricultural Equipment division, division president Robert Lane assures stakeholders that the 1999 operating losses of $51 million are mitigated by management initiatives such as a major reduction in inventory in North America, growth of global market share and the introduction of a new line of combines. Lane sites global trends of increased mechanical harvesting as a key factor for Deere & Company's continued growth in the international market. Deere & Company has opened factories in China, India and Brazil. It is pursuing further expansion into eastern Europe and western Asia. To address declining sales in North America, Deere is working on technological advancements and critical process improvements to improve efficiency and customer satisfaction.

Construction Equipment Division. Although sales declined in 1999, division president Pierre Leroy promises future growth. The division's new sales strategy focuses on larger customers and a new channel for equipment rental. Deere's dealers supply repair parts for all makes of equipment in order to differentiate themselves from their competitors in this market. Leroy highlights process improvements in a program called Estimate To Cash, which builds products in response to customer orders and has reduced production time and inventory levels. Deere & Company formed an alliance with a South African manufacturer of articulated dump trucks to distribute this equipment in North America.

Commercial and Consumer Equipment Division. While most of Deere & Company's divisions experienced declining sales in 1999, this division grew by 21 percent. Profitability remained the same as in the prior year, but no explanation of that appears in this section of the report. Sales growth is attributed to the expansion of the riding mower market, a private-label relationship with Home Depot, increased market share in golf course and turf maintenance and the use of mass channels of distribution as opposed to Deere dealers only. Facility expansion is planned for the southeastern U.S., and the Horicon, Wisconsin riding lawn equipment plant plans to compete for the Malcolm Baldrige National Quality Award in 2000.

John Deere Credit. Growth in international business allowed John Deere Credit to achieve increases in net income in this division. Additionally, expansion of the division into more overseas markets allowed the growth in international sales of agricultural equipment. Increased leasing of equipment, particularly for golf and turf maintenance, offered additional revenue streams.

Other Operations. This section of the report addresses the company's newest divisions and its support operations. Deere & Company formed the John Deere Special Technologies Group in 1999. The group's focus is on integrating the latest technology into Deere products and providing customer solutions. Its agriculture applications to communication and internet technologies provide information management, global positioning and other services to Deere customers. The report also briefly describes the results of John Deere Health managed care plans.

People and Citizenship. This last section of the non-financial portion of Deere & Company's annual report focuses on environmental and safety issues. Deere describes changes to its agricultural equipment in response to concerns for the levels of contaminants from fertilizer or pesticide applications. The report also describes initiatives to incorporate recycled materials into Deere products and improvements to energy efficiency. Deere's safety concerns apply to both its employees and its customers. The report describes the safety achievements at Deere facilities and also product safety initiatives.

Comparison to Army. Deere's executives discuss many challenges and emphasize future plans and initiatives toward continuous growth in future years. The continuation of global trade is critical to this growth. The Army annual report also describes global changes such as the increased deployment of soldiers in support of peacekeeping and peace enforcement missions. Both organizations are addressing changes to traditional roles and are focusing on international positions. The Deere Agricultural Equipment Division and the Army are responding to decreased funding—in sales for Deere, in appropriations for the Army. Both are adjusting to this by evaluating and improving processes, seeking opportunities in technological improvements and evaluating market or mission. There are differences in the way the two organizations choose to deliver their message. The Army lists numerous detailed goals and objectives, while Deere & Company are less specific; and the Army's focus on personnel is not mirrored in the Deere report.

Merck & Company

Merck & Co. is a global, research-driven pharmaceutical company that discovers, develops, manufactures and markets a broad range of human and animal health products, directly and through joint ventures. It provides pharmaceutical benefit services through Merck-Medco managed care. Merck's mission is to provide society with superior products and services—innovations and solutions that improve the quality of life and satisfy customers' needs—to provide employees with meaningful work and advancement opportunities and investors with superior returns.

Format. The annual report is a 61-page professionally printed document made available to shareholders by mail and on the web. Merck effectively used its annual report to express to shareholders its past performance, current strategy and outlook for the future. In reviewing the previous year's performance, they highlighted their success stories in prescription medication sales and the introduction of new medicines to market.

Merck-Medco is establishing itself as the model for improved and cost-conscious managed-care facilitation.

The report comes in four basic parts. First, the chairman's message gives a review of the past year's performance, current situation and finally a strategy for growth. Next, the annual report discusses successful marketed products. Third are details about major research the firm is engaged in, to give readers an idea of future product development. Lastly, the firm discusses its Merck-Medco initiative. It goes into detail how the Merck-Medco internet pharmacy is a model for how prescription management should be conducted industry-wide.

The majority of the non-financial pages discuss in detail the successes of Merck's marketed products and their ongoing research and development projects. Merck does a good job of personalizing the report by including success stories from patients who have used Merck products. This gives the reader a good feeling about the products. The feelings we got when we read this report were that Merck has an endless pipeline of new drugs waiting to get FDA approval and that taking Merck's medications is not only right, but that they are safe, cost effective and reliable.

Chairman's Message. Unlike the Army's financial report, where some of the major program directors addressed readers, in Merck's annual report only Raymond V. Gilmartin, Merck's chairman, president and CEO addresses its readers. In the chairman's message, Gilmartin gives a detailed overview of the past year's performance and articulates the firm's future strategy. Similar to Caldera, he focuses on critical issues facing the firm in the future.

Strategy. Merck's growth strategy is to discover important medicines using breakthrough research and to demonstrate the value of their medicines to patients, payers and providers. Additionally, Merck has an overriding financial goal to be a top-tier growth company by performing over the long term in the top quartile of leading health care companies. Merck further refines its strategy by identifying three operating objectives for the year. They want to maximize revenue growth through an unwavering commitment to research, effective introduction of new products and the successful marketing of existing products. They want to achieve full potential of managed pharmaceutical care and to preserve the profitability of their core pharmaceutical business through continuous improvement in productivity and organizational effectiveness.

Merck's growth strategy is to discover important medicines using breakthrough research and to demonstrate the value of their medicines to patients, payers and providers.

Merck addresses three major challenges in pursuing its growth strategy and provides detailed plans for overcoming these challenges. First, the company specifies that many of its top revenue-producing drugs will go off patent between 2000 and 2001. Merck plans to offset these losses by increased productivity of its research and development and continued introduction of new medicines to market. Merck prefers to expand through internal investment rather than through mergers and acquisitions. The firm invested 1.7 billion dollars in production capacity and research facilities to support future growth. Secondly, the company identifies increased competitive nature of the pharmaceutical business. Their plan is to succeed regardless of the business climate by demonstrating that Merck's medicines are better than the competition's on price and effectiveness. Finally, Merck is concerned with cost containment in the health care industry. Merck is marketing its drugs as being more effective and less costly than current drug treatments on the market. They are working with policy makers and legislators worldwide to create a positive environment for innovated drug development. Merck-Medco is establishing itself as the model for improved and cost-conscious managed-care facilitation. Merck spends a lot of time discussing cost containment. The firm knows that research and development is the key to continued future revenue streams. However, if the federal government imposes cost control measures on the pharmaceutical industry in an attempt to make prescription drugs affordable to all citizens, it can cripple the industry. Merck's report does a good job in articulating its proactive steps to keep costs low and identify possible alternative pharmaceutical distribution networks.

Strategic Business Units. The marketed products section of the report discusses in detail how each category of drugs performed in the past year. Merck's revenues come from the sale of drugs, broken down into nine different categories. These categories are based on specific treatment of human disorders. It is here that we see many patient testimonials. Even professional football coach Dan Reeves discusses how by using Merck's drug Zocor he was able to coach his team in the Super Bowl four weeks after having quadruple bypass surgery. Every category articulates its past-year success in this portion of the report.

The research section of the report demonstrates how research and development expenditures are the cornerstone of the firm's growth strategy. A large portion of this section is spent on justifying to the reader the need to continually increase funding to the firm's research and development efforts. The firm is very proud of having introduced 15 new drugs and vaccines in the last five years. As in the marketed products section, Merck adorns its annual report with personalization. In this section, Merck uses its researchers and developers to address past successes and what they are bringing to market in the future. Not all the R&D expenditures are going toward new drug development. A portion of the expenditures goes to finding new uses for current medications, an example being use of the firm's high blood pressure medication Cozaar to treat diabetics and patients who have had heart attacks.

Merck's values are centered on a core body of ethical standards and benefiting humanity. Merck's values are:

1. Preserving and improving human life.

2. We are committed to the highest standards of ethics and integrity.

3. We are dedicated to the highest level of scientific excellence and commit our research to improving human and animal health and the quality of life.

4. We expect profits, but only from that which satisfies customer needs and benefits humanity.

5. We recognize that the ability to excel—to most competitively meet society's and customers' needs—depends on the integrity, knowledge, imagination, skill, diversity and teamwork of employees; and we value these qualities most highly.

The values help focus the firm on its strategy. Although the values speak of taking care of society, the bottom line is that values support the firm's 'bottom line'. The firm's values focus on employee standards and mission support. The firm wants to project that they are responsible to consumers and their employees. This is important in the health care industry because they must portray to consumers that their drugs will make them feel better and that they do not have to worry about getting ill from side effects or drugs that just do not work.

The values help support the firm's product life cycle. Through their commitment to 'scientific excellence' and 'benefiting humanity', the firm continually focuses employees on developing new products that work. Merck believes that if they develop quality products, profits will follow. To reinforce these values within the organization, Merck employees take part in interactive ethical training. The firm's goal is to show how Merck's values apply to their employees' day-to-day activities, so that they can adhere to the standards and model the values whenever and wherever they conduct Merck business. Similarly to the Army, the values are to be upheld day in and day out, on and off duty.

CEO Gilmartin closes his letter by stating that the plan is in place for success and that the future is in the hands of Merck employees. Through their talent and commitment, Merck will continue to deliver growth to investors and the best medicine to society. Merck's report reassures the audience that things are well in hand at Merck. They have a plan for the future and are executing a strategy that will continue to provide growth for the firm and returns to its shareholders.

Ford is the world's second largest manufacturer of cars and trucks, which are sold in more than 200 markets.

Ford Motor Company

Ford is the world's second largest manufacturer of cars and trucks, which are sold in more than 200 markets. It employs about 345,000 people in plants, offices, and production facilities in over 200 countries and territories. FMC is also one of the largest financial service providers worldwide through Ford Credit and related businesses. The firm is broken down into four operating segments: Automotive Operations, Ford Credit, The Hertz Corporation and Visteon Corporation. The 1999 annual report comes in eight different covers. This reflects a change in Ford's focus from appealing to the masses to appealing to the individuals directly. The eight different covers portray families from around the world depicting the brand of Ford vehicle they purchased. The theme " Connecting with Customers" is prevalent throughout the annual report.

Format. The non-financial portions of the report come in four sections. First, there are two messages, one from the chairman of the board and the other from the CEO. Next, a section is devoted exclusively to customer-focused strategy. Third, each operating segment has an opportunity to discuss its past performance and future. Lastly, in bullet form, the report contains a summary of the year's major operations. The entire report is covered in a 78 page professionally packaged report, available on the internet for download.

Chairmen's Messages. In board chairman

William Clay Ford Jr.'s message, he addresses shareholders, customers, employees and supply-chain partners. He briefly discusses Ford Motor Company heritage and his great-grandfather being named Businessman of the Century. However, the majority of his message focuses on the firm's future and how the use of technology, specifically the internet, is revolutionizing the business. The internet will connect the entire automotive supply chain; from supplier to manufacturers to dealer to customers. His belief in the internet is so strong that he announces in his message that all Ford employees will be offered a computer and internet service for a nominal fee of five dollars per month. He also discusses Ford's commitment to society. He has a strong belief that to be economically successful a firm must be socially and environmentally responsible. The Army's annual report does a good job discussing its five environment goals and the results of its initiatives. All of the points he makes in his message are geared to enhancing value to the shareholder. His message is similar to Caldera's, in that both discuss the future of the organization in a visionary way. Caldera and Ford both discuss how technology will revolutionize the 21st century and how important being on the leading edge of technological breakthroughs will be. They both talk to the principal stakeholders. For the Army these are soldiers, their families and the American people. At FMC, these are their employees, shareholders, supply chain partners and society.

Unlike the Army, Ford's Chief Financial Officer and Chief Personnel Officer did not make an address in the annual report. More commonly, the CEO addresses the shareholders. His or her message more specifically addresses the firm's past performance and future strategy for the firm. The CEO report by Jac Nasser is more specific, and he begins by articulating the firm's overall strategy with the theme of customers being first. The strategy here is simple: employees satisfy the customers, and satisfied customers reward shareholders.

Ford's focus is on quality by diagnosing root causes of problems and finding better ways to prevent errors. To reduce variability in their products, they are adopting the "six sigma" standard of quality first introduced by Motorola. Consumer-driven six sigma programs start with the customer and work their way back into the company's processes. Ford has restructured its organization to remove filters in communicating with customers. Nasser's vision is, leverage the internet to allow the firm to become the world's leading consumer company for automotive products and services. He discusses the firm's 5-point internet strategy.

Strategy. First, the internet will be used to revolutionize supply-chain operations. By eliminating waste, the firm can build and deliver products in line with customers' specific needs. Secondly, the internet will be used to attract and communicate with customers. The communication will go beyond advertising. The goal is to have an interactive dialog with customers. Third, the report lists the retail experience and distribution of vehicles prompted by the internet. Customers will be able to design and order a vehicle to meet their specifications. The fourth area is to make ownership and vehicle operations easier via the internet. The fifth strategy is to make internet communication technology available and affordable to customers, i.e., vehicle purchasers.

Nasser closes by praising the success of past-year performance of its different operating units and employees. Even with all the successes that Ford had with record-breaking years, Nasser took time to explain its lagging stock price performance. His pledge to shareholders and employees is to have returns in the top quartile of Standard & Poor's 500 companies. Through consistent performance and through customer-focused and internet initiatives, the firm plans to attain its goals. *[Editor's Note: The Ford-Firestone sport-utility vehicle tire controversy occurred subsequent to this annual report.]* Neither the chairman nor the CEO addressed compliance with the CFO Act or any other legislative requirements in the non-financial pages of the annual report. Again, publicly traded firms have been producing audit-ready financial documents from the time they began trading. There is not such emphasis placed on having to explain the non-compliance with a regulatory requirement. Shareholders are to assume everything is legitimate unless non-compliance occurs and the CEO, chairman or auditor will explain the firm's actions.

Unlike Ford's annual report, where both the chairman the CEO addressed their readers, the Army's chief of staff did not directly make an address in the report. There are the civilian leadership's opening messages at the beginning, and the remainder is a collage of soldiers in action. Yet only once is the chief of staff of the Army quoted in the report. We believe he should have made an official statement of his support and commitment to executing the Army secretary's vision and that his soldiers are ready to meet this challenge. The private sector reports have addresses from both the chairman and the CEO.

Ford's "customer-focused strategy" is a 3-page portion of the annual report reiterating the firm's commitment to the customer. It discusses the pervasiveness of this strategy in every element of the firm's operational structure. Ultimately, Ford believes that building in quality with the customer in mind is the only way to operate. Consumers reading Ford's report come away with the feeling that Ford will produce for them the very best product available because the firm's efforts are designed to satisfy their needs. The annual report does a terrific job selling this theme to its readers. We did not get this same feeling reading the Army's annual financial report. It was very cold in putting out its performance results and objectives.

Strategic Business Units. The four operating segments of the firm had an opportunity to boast about their past successes and, more importantly, to articulate their operating priorities. In the automotive division, their goals (not surprisingly) are customer satisfaction and internet exploitation. At Ford Credit, its priorities are establishing e-commerce channels to support customer relationships and diversification of income sources. Hertz's priorities are to maintain their number-one market share position and to pursue worldwide growth. It should be noted that this division does not have a direct internet/e-commerce priority. Finally, Visteon's priorities are to grow non-Ford sales and to be on the leading edge of automotive technology. For the four operating units, these priorities are short-term in nature and were to be achieved within the year 2000.

Nowhere in the annual report does Ford make mention of the firm's values. This is surprising from a company rich in heritage. A search of Ford's web site likewise yielded no results. We believe it is important for a firm to articulate to its audience its core values. It gives the reader an understanding of what drives the firm to succeed. More importantly, the lack of published values takes away from the company's leadership any sense of trust that shareholders place with them. At least with the Army you know that all its soldiers are maintaining or are least being reminded of standards that are to be embraced by all soldiers.

Fluor was selected for this research effort because of its global enterprises, logistical emphasis including asset management and its focus on reinvention of declining markets.

For its part, the Army's annual report does not articulate next year's objectives. It does a great job of identifying goals, objectives, measurements and results of past years' performance, but it falls short in addressing operating priorities and goals for the coming fiscal year. Next year, when we read the Army's 2000 financial statement, we will again only know what they were successful in doing, but not know if the Army succeeded in meeting all its intended objectives. Ford made a conscious effort to tell its shareholders what performance objectives it had set for each division of the company. Next year when Ford produces its annual report, its shareholders will have the previous year's annual report to compare Ford's successes and failures.

Fluor Corporation

Fluor is best known as an international engineering, procurement and construction company with significant assets in coal. Fluor wants to be known as a "knowledge-based professional services and engineering, procurement and construction company, with a significant investment in low-sulfur coal." Fluor's annual report is specifically targeted toward shareholders as opposed to the Army's which is targeted toward Congress, its own employees and the informed stakeholder. Fluor was selected for this research effort because of its global enterprises, logistical emphasis including asset management and its focus on reinvention of declining markets. We found these similar to many of the Army's focuses and goals.

Format. The Fluor annual report is similar in format to the Army's and to other corporate annual reports. Like the others, Fluor's report is available on the internet as well as in hard copy for shareholders, and it consists of the chairman's message and mini reports on each division, followed by the financials and the auditors' statement.

Fluor incorporates a bit more financial data into the non-financial portion of the report than most of the others by including basic bar charts on the table of contents page. The charts show 5-year trends for revenues, operating profit, net earnings, closing stock price, debt to capitalization ratio and dividends. As would be expected from this initial focus, the chairman's message and other narrative portions of the report are also focused on financial trends and economic data. Operating statistics and additional color charts are located after the Fluor Global Services section. These provide data on revenues, backlog, gross and operating margins and safety. Similar statistics and charts also appear at the end of the A.T. Massey section.

Fluor Global Services states its goal is to become "the dominant provider of outsourced asset optimization capabilities."

Audience and Message. Fluor produced this report for its shareholders. The intent is to assure them that Fluor has plans to turn around declining sales and profits and to provide future dividends and growth.

Chairman's Message. Philip J. Carroll, Jr., chairman and CEO of Fluor presents a 3-page letter addressed to the shareholders. The caption at the head of the letter states, "To Our Shareholders, Repositioning Fluor for enhanced shareholder VALUE." The chairman opens by briefly explaining the declining revenues and earnings for 1999. He then proceeds to discuss the new strategic directions for Fluor, including realigning the company's several business units into four principal units with specific performance accountability for each. Carroll introduces a new strategic business unit called Fluor Signature Services, which serves as an administrative arm to the operating units. He very briefly touches on the closure of non-strategic offices and the reduction of 5,000 personnel, and he highlights the importance of fiscal discipline and use of business models. The CEO predicts that use of new information technologies and new brand architecture will lead to significant improvements in work process and in brand recognition. Carroll commits to the goal of achieving earnings per share growth of at least 10 percent annually.

Chairman Carroll continues with more specific financial and division-level results and future projections. A change in dividend policies now bases the payout on long-term operating performance expectations as opposed to prior year's earnings. Carroll summarizes the conditions of the main Fluor divisions. According to Carroll, the traditional focus of the corporation, Fluor Daniel (engineering, procurement and contracting), suffered from weak global economic conditions. The coal division, A.T. Massey Coal, also suffered from global economic sluggishness and mild weather conditions. Fluor Global Services and Signature Services are new entities. In his closing, Carroll introduces some management changes and spins a positive outlook for the company's future earnings. He concludes by extending his appreciation to the board of directors and employees for their efforts in repositioning the company and to the shareholders for their support.

Fluor Strategic Business Units. Following the chairman's message, Fluor's annual report provides detailed sections for each of the primary divisions. Fluor's four principal divisions are Fluor Daniel, Fluor Global Services, A.T. Massey Coal and Fluor Signature Services. To introduce the divisions, the annual report provides a one-page narrative with overviews for each and a page of financial results and key strategies. We found this section very beneficial to the reader, in that it provides the heart of the divisions' messages in condensed form for readers who do not want to read the remaining 16 pages of detail and as a review sheet for future reference for the readers who do continue.

Fluor Daniel provides engineering, procurement and construction services. Five strategic business units focus on chemicals and life sciences, oil, gas and power, mining, manufacturing and infrastructure. In 1999 Fluor Daniel experienced declining revenues attributed to increased client selectivity as well as slower economic conditions. The division achieved increased profitability, which it attributed to its narrower market focus. In addition to client selectivity, Fluor Daniel lists cost reductions and improved accountability as key strategies. Fluor Daniel sees future manufacturing opportunities in its ability to handle large, complex and remote mining projects and to supply services to the global microelectronics market. It has been awarded contracts under a $200+ billion federal transportation bill (TEA 21) to build highways in the southeastern U.S. and expand JFK international airport in New York, and it is involved in several European public/private rail projects. The duration of the rail projects and potential future maintenance contracts offer attractive long-term revenue streams. Fluor Constructors International is one of the few construction and maintenance contractors with ISO-9002 certification.

Fluor Global Services states its goal is to become "the dominant provider of outsourced asset optimization capabilities." Its mission is "to assist every client in achieving a sustainable competitive advantage and profit growth by providing customized and integrated services that optimize the total life-cycle of their assets better than any competitor." Fluor Global Services (FGS) separated from Fluor Daniel during the 1999 reorganization. Changing client needs necessitated the restructuring with increased demand for the services FGS provides. FGS achieved significant growth in profitability, unlike many of Fluor's other strategic business units. FGS provides construction equipment and fleet management services, tool leasing, global staffing services, and Fluor Federal Services (FFS), a division of FGS, provides project management, business management systems, architectural and engineering services, and construction and construction management services to several U.S. federal agencies. FFS is contracted by the Department of Energy to remediate former nuclear weapons plants. It sees this specialty as a long-term strength and strategic advantage with the potential for significant future contracts with predictable and level streams of income. FFS was also under contract with DoD (to help build installations in East Timor) and with the Federal Emergency Management Agency. FGS's telecommunications division saw many new opportunities with the emerging and incumbent markets adopting new technology.

A.T. Massey, a major force in the U.S. coal industry, saw a decline in earnings in 1999 for the first time in many years. The report blames a variety of factors for the poor performance; including global economic conditions, alternative fuel sources and increased production capability among competitors. Shifting demands for the variety of coal products has forced A.T. Massey to look for efficiencies in production and to try to capture niche markets such as industrial coal sales. Safety is a major concern for the coal industry, and A.T. Massey reports a record well above the industry average.

Fluor's newest strategic business unit, Fluor Signature Services (FSS), was formed in 1999 to provide business administrative and support services to the operating units of Fluor Corporation. FSS has profit-and-loss accountability, and Fluor Corp. hopes to expand its customer base to external clients. Unlike the rest of the Fluor units' narratives, FSS lists more specific goals for the next year. As 1999 was a transitional year, no specific operating results were provided, but at the top of the list for 2000's goals is to achieve break-even performance.

The Army's Revolution in Logistics is essential for its goal of global deployability, and it focuses on the use of information technology to provide complete visibility of logistics requirements and movements.

Comparison to the Army. In many ways the Fluor Corporation's narrative portion of its annual report is similar to that of the Army. Both have similar formats with subsections for major divisions. Both have a global focus, with Fluor emphasizing growth opportunities and trying to position itself to ride out poor global economic conditions. The Army focuses on supporting U.S. interests globally and maintaining alliances.

Both reports contain significant mention of the importance of logistics support. Fluor's Global Services is concentrating on providing such services as its core competency, with emphasis on providing the best asset management possible. The Army's Revolution in Logistics is essential for its goal of global deployability, and it focuses on the use of information technology to provide complete visibility of logistics requirements and movements. Returns on real estate investments are of concern to FSS, just as excess infrastructure, which depletes limited resources, is a major issue for the Army. Fluor Daniel provides construction services which are comparable to Army civil works projects in that they support major infrastructure.

The differences between Fluor Corporation's and the Army's reports stem from basic differences in their missions. While Fluor aims to reposition itself to provide shareholder value, the Army is assuring national security and readiness for today and tomorrow. Fluor's report is clearly written for the shareholders and spins positive tones on any negative results or situations that arose in 1999. The Army's report is written for knowledgeable stakeholders, particularly the Congress and higher-ranking service members, and it focuses on its programs and goals and how they support readiness.

In addition to these major differences in purpose and audience, the two reports differ in readability and level of detail. Fluor's report is much easier to read than the Army's because of the difficult section of the Army report dedicated to Army goals and objectives. We feel the Army provided a level of detail that confuses the reader as to what is significant to the Army's stated task of supporting the Defense Department's two simply stated goals.

Both Fluor Corporation (A.T. Massey) and the Army are facing significant challenges in meeting increasing environmental safety conditions, but Fluor does not describe the issues as openly as the Army does. A.T. Massey's report does not make specific mention of the environmental issues involved in coal mining, but acid rain and strip-mining concerns are issues that directly affect that industry. The Army lists several specific goals involving compliance, conservation, pollution prevention, restoration and technology.

The Army's asset management focus is on the lack of financial accountability of its assets. This is the main reason for the Army's not yet having received an 'unqualified' (no restrictions or reservations) audit opinion. As this issue receives considerable attention from Congress and others, the Army is working toward solving the problem. Fluor Corporation, since its inception as a publicly traded company, has been required by the Securities and Exchange Commission to provide this level of accountability. The Army's requirement to achieve this financial accountability was only introduced in 1990.

Conclusions

Businesses are in business to make money. The annual report justifies to shareholders the steps taken by the firms' management to produce profits. For private enterprises, annual reports are a good thing to produce. The Army is in the business of defending the nation, not making a profit. Where the Army's report gains importance is in ascertaining resources. The non-financial pages of the Army annual report are geared to justify to Congress that the money allocated to the Army is being spent wisely and that the Army's leadership is being a great steward of public dollars. Additionally, these pages are a cry to Congress for continued support of Army initiatives.

The Army's report lacks specific priorities for the upcoming fiscal year. It does not address issues beyond the year being reported on. The Army's report only discusses what it has just done, with no short-term goals outlined for the next fiscal year. In contrast, the private firms we analyzed did good jobs of articulating to their audience what can be expected from them in the upcoming year. The corporate reports give readers a sense of assurance each firm has a plan with achievable short-term objectives.

Everyone is leveraging technology to make their business better. Throughout all the five annual reports, leveraging technology is a common theme. Clearly, the advantage goes to the private firms in achieving their technological objectives. For the private sector, the acquisition of new technology is a simpler process than for the public sector. They allocate the funds, usually based as a percentage of their revenues, to either purchase or develop the necessary technology. Congressional funding and the bureaucratic acquisition process, on the other hand, burden the Army. The department has lofty technological goals, but it seems to us that the best the Army can do, because of resource constraints and the acquisition process, is to chase technology rather than lead it.

Recommendations

The Army chief of staff needs to make an address in the annual report. As the Army's top soldier, he needs to make a statement that he believes the Army secretary's objectives are executable and support the Army's vision.

The Army needs to decide who is the intended audience for the annual report. If it is Congress, as we believe, then the Army needs to tailor the report to them. More emphasis should be placed on specific program funding, terms that Congress can understand. The report talks about new pieces of equipment like the Radio Frequency Identification (RFID), but we are not sure if every congressman understands the entire impact of their approval or disapproval of program funding on such specific projects.

The Army's report was rather difficult to read and would benefit from some brief overviews of its detailed sections on performance goals and measures. Ford Motor Company's annual report gave an excellent one-page snapshot of the firm's past and current performance, as well as its future priorities. That assisted readers by giving them an overview of what the report contained.

Finally, the Army's annual report should provide a message to the service members. In this capacity, the annual report would be better received if it included a message from the Army Chief of Staff in addition to the messages from the civilian Secretaries.

About the Authors *Phyllis K. Korcz is a financial analyst with the Army Audit Agency's installations management directorate. She has a B.S. in Hotel/Restaurant Administration from Boston University and ten years' RM experience, much of it in nonappropriated funds in Korea. She and Captain Gautier collaborated on this article as their student research project at the Army Comptrollership Program at Syracuse University, from which they graduated last August and won the class award for best research paper. Anthony Gautier is a certified Defense financial manager working as a budget analyst at headquarters, Training and Doctrine Command. His undergraduate degree is in Business Administration from Hofstra University in New York.*

Web Sites

The following list of Pay and Finance web sites were extracted from the web site list of the U.S. Army Publications Agency. It is hoped that they prove helpful in reducing time spent on web searches.

Army Financial Operations:
http://www.asafm.army.mil/financial.htm
(Pay rates, drill pay, travel voucher information)

DFAS:
http://www.asafm.army.mil/DFAS
(Defense Finance and Accounting Service Indianapolis)

OCAR Pay Support Center:
http://www.army.mil/usar/psc/ocarhp.htm
(Links to important USAR pay information)

Per diem rates:
http://www.dtic.mil/perdiem/pdrates.html

USAR Enlistment/Reenlistment Bonuses, and Incentives:
http://www.army.mil/usar/benefits/benefts5.htm

ACC O1-I Graduates (January 16-February 9, 2001)

Name	Command
Maj. Richard K. Addo	EUSA
Jessica L. Bird	INSCOM
Cheryl A. Bowman	INSCOM
Maj. Gregory J. Burke	USAREUR
Capt. Rodney Connor	USASOC
Capt. Curtis Crum	USASOC
Maj. Kent D. Davis	INSCOM
LaRahnda M. Flagg	FORSCOM
Maj. Mark H. Hladky	FORSCOM
Florencia C. Holbrook	ARCENT
Maj. Richard D. Horsley	TRADOC
Hwa-Ok Ko	EUSA
Maj. William Lee Roy Koester, Jr.	TRADOC
Carl G. McDowell	TRADOC
Nina Murphy	AAA
Maj. Gerald Nixon	FORSCOM
Elizabeth L. Norris	CIDC
Jean L. Peoples	TRADOC
Linda B. Pettit	MTMC
Andrea Powers	FORSCOM
John Wayne Raines	TRADOC
Lori Risner	INSCOM
Capt. Mark E. Rosenstein	USARPAC
David A. Smith	FORSCOM
Maj. Lynn L. Snyder	OCAR
Maj. D. Thomas Soli	USAREUR

Deputy ASA (Financial Operations)

by Ernest J. Gregory

On November 14, 2000, the Secretary of the Army signed the annual statement of assurance on management controls for fiscal year 2000, which ended last September 30. The statement reported 10 material weakness, all identified in prior fiscal years. One weakness—the Y2K computer problem—was closed during the 2000 fiscal year, and the other nine weaknesses were carried forward into this year as uncorrected. Once again, most Army headquarters staff agencies and commands submitted solid feeder statements that raised substantive issues and provided well-written material weaknesses. These made our job of building the Secretary's statement much easier.

In reviewing the feeder statements, however, we noted areas needing additional emphasis in some commands. To assist with that effort, let me share these thoughts on areas that could be improved:

- The description of a material weakness should be concise, but it must include enough detail for the Army functional proponent to understand the problem and related issues. A good description makes it easier for the proponent to assess the problem as a policy matter, to determine whether it could be more widespread, and to decide whether the weakness merits reporting in their headquarters feeder statement or possibly in the Secretary's statement.
- A material weakness must involve a problem with management controls (i.e., management controls are not in place, are in place but not being used, or are in place and used but simply inadequate). The material weakness and its corrective actions should not have as a primary focus the need for additional resources. Resources will often be inadequate, at least in someone's view, but the annual statement process is sometimes used as an "end run" around the normal Army process for identifying requirements and allocating resources. The weakness and the associated plan for corrective action should focus on practical measures to take using existing resources.
- For each material weakness reported, the effectiveness of corrective action must be validated before the weakness can be reported as corrected. For weaknesses reported in headquarters and command feeder statements, validation can be completed by auditors or inspectors or by other review methods that a commander feels are appropriate. In all cases, however, the validation effort should be shown as the last corrective action.

Again, the overall quality of everyone's headquarters and command feeder statements was very high; we've made great strides since the mid-1990s! We want to thank the hundreds of action officers who provided support to their commands and organizations during the fiscal 2000 annual statement cycle, and we look forward to your continued support in the future.

Resource analysis and business practices

by Robert W. Raynsford

Under Honorable Helen T. McCoy's leadership and guidance as assistant secretary of the Army for financial management and comptroller, the Army pursued more innovative and efficient ways of doing business. Thanks to her leadership, the Army succeeded in promoting sound business practices through entrepreneurship, reengineering and partnering efforts.

During her tenure, McCoy encouraged efforts to improve business practices that reduced and avoided costs, generated and collected revenue, streamlined and consolidated operations and used partnerships with the private sector to reduce infrastructure requirements. As a result, the Army accomplished numerous business practice initiatives that exemplify new and innovative approaches to conducting its business. Several examples are shown below:

Automated meal check

The OASA(FM&C) led a DoD effort to reconfigure the antiquated meal ticket process by using private-sector tools and state-of-the-art technology. In July 2000, DoD implemented an automated meal check process that replaces the antiquated, manual process used to pay for meals consumed by DoD recruits in transit to their first duty station. Recruits use the meal checks to eat in private sector restaurants when government facilities are not available. Under the new process, computer-generated checks are provided to the recruits to purchase meals, and a private sector bank pays the restaurants electronically within 48 hours through the normal banking process.

Integrating state-of-the-art technology and private sector business practices reduces costs, improves internal controls and provides a better service to the recruit. This initiative won a Government Executive 2000 Travel Manager of the Year award and the American Society of Military Comptrollers team award for fiscal 2000 as a creative solution that combined the tenets of financial reform and travel reengineering with industry best practices and leading-edge technology.

New legislation

The OASA(FM&C) initiated legislation to enhance DoD's legal authority to use its non-excess real property (that wasn't fully utilized) more efficiently and effectively. As a result of Army efforts, a task force of military service representatives led by the Defense deputy undersecretary for industrial affairs refined and submitted the legislation to Congress. Public Law 106-398, the 2001 National Defense Authorization Act, approved the DoD request to amend section 2667 of Title 10, U.S. Code, Leases: Non-Excess Property of Military Departments.

The legislation (1) permits construction or acquisition of new facilities with cash proceeds earned from leasing DoD property, (2) clarifies that in-kind consideration received from leases can be used for construction of new facilities and (3) allows the in-kind consideration to be accepted at any property or facility under the control of the military service concerned.

The new law significantly benefits DoD as an important incentive and useful tool for the department and its installations. Several major lease projects currently in process require the authority the legislation provides. The ability to use cash proceeds for construction and accept a broader range of in-kind consideration, including construction of new facilities, affords DoD added flexibility to achieve its leasing objectives and better realize the value of its real property.

The ASA(FM&C) initiated the Army's effort to explore opportunities to more effectively utilize under-performing real estate assets at its installations through public/private partnerships. Taking advantage of the enhanced authority addressed above, the Army selected a partner to explore, along with installation personnel, leasing opportunities at Ft. Sam Houston, Texas. This installation has about half a million square feet of under-performing but not excess building space—the old Brooke Army Medical Center and beach pavilion. The Army doesn't have sufficient funds to renovate this space to fully and effectively utilize toward the service's mission. The Army's objective is to enter into a mutually beneficial leasing arrangement whereby private funds are used to develop the facilities for joint public/private use.

The Army is pursuing similar partnership arrangements at Picatinny Arsenal, N.J., Yuma Proving Ground, Ariz. and other locations. By successfully entering into lease agreements with private-sector partners, the Army can use its under-performing assets at military installations to improve readiness, achieve cost savings and reduce installation operating costs. This approach offers installations another tool to deal with underfunded base operations accounts in the environment of constrained resources.

These and other business practices initiatives that began under Ms. McCoy's watch will benefit installations and the Army as a whole.

Professional Development

Resource Management Guidelines for Authors

Audience

Primarily professional resource managers within the Department of the Army. Articles target RM careerists at all levels.

Readers include generalists and specialists (from battalion commanders to budget analysts, as well as military and civilian staff working with industry).

Content

All aspects of resource management that influence the way the Army accomplishes its mission and for which resource managers and comptrollers have direct responsibility.

Articles should stimulate thinking about matters of importance to managers and encourage participation in a forum for subjecting Army doctrine to continuous critical analysis, leading to better understanding and improvement.

New ideas and techniques are of particular interest. RM covers a variety of topics, including fiscal policies relating to management of manpower, facilities, information, time and materiel. Any currently significant subject related to resource management is appropriate.

Historical articles must draw a parallel or illustrate a lesson for current and future use. If you intend your article to coincide with an anniversary or event, it must be submitted no less than four months in advance. We attempt to work 90 days in advance of publication - if you have an article for the 1st quarter (spring) issue, we should have it before January.

Articles of general interest and features such as book reviews are not normally published.

Style

We prefer concise, direct language; in other words, write clearly and precisely. Address the specific rather than the general. Use the active voice; avoid passive verbs and construction.

In accordance to DoD and Army guidance and regulations, RM style is drawn from the pages of the Associated Press Stylebook, with some variation for local style.

Articles should have a beginning (a lead) written to catch the reader's interest and introduce the main thought of the piece. After the lead comes the body, in which the major points are dealt with logically. The article should close with a gracefully crafted conclusion.

Write with enthusiasm! Be natural. Write as you speak, not as if you were writing regulations or official correspondence. Don't adopt a style of writing that's foreign to your normal patterns of thinking and speaking.

Readers want to see your article presented in natural, unstilted language, written with style, wit and personality—and they will more readily read articles written in a personal tone rather than those that are overly formal, official or didactic.

Ensure that you properly attribute all references, paraphrases or quotes. Take care that quotes are not taken out of context.

Use full names (first, middle initial and last), full ranks, job titles and location for the first reference within the article. Afterward, use only the last name unless there might be a conflict with a similar name.

Generally speaking, avoid using acronyms or jargon. Write plainly and directly. Remember that many of your readers may not understand the alphabet soup you feel comfortable with and take for granted.

If you use acronyms, explain them. If necessary, add a glossary at the end of your article to identify the acronyms and jargon you use. Likewise, if you use foreign terms, explain them.

We must edit any manuscript submitted as necessary for publication. Some articles require a certain amount of rewriting, mostly to conform to style. Substantive changes, however, will be made only with the author's consent.

We retain the right to make final determination on appropriateness and applicability.

Manuscripts

Articles of five to 10 pages of double-spaced copy are most suitable. Longer or shorter articles may be published if appropriate.

The best guidance is to treat the subject adequately, develop your thoughts to conclusion and stop.

Artwork

Send any illustrations or graphics that complement your work.

High quality artwork, photos, maps, charts or graphs can increase understanding and enhance reader interest. Electronic submission of these items should be in a standard computer graphics format or in MS Powerpoint.

We can prepare finished work from sugges Stions or rough sketches. We can work with crisp, well-composed color or black and white photos. If you don't have suitable artwork, but know where we can get it, let us know. Be sure to give appropriate credit for any artwork or graphics you may use. Be sure the artwork or photos you select are not under copyright that would prevent our using it.

About the Author

We require a brief biography from each author. Include present position, previous experience (that relates to the article) and any other information that strengthens your credibility.

Acceptance

We accept or reject manuscripts after careful consideration and review. We assume that all manuscripts are original, previously unpublished works not under consideration by any other publication at the time of receipt. Contributors will be informed of acceptance or rejection as soon as possible.

RM is a professional development bulletin and, as such, is not copyrighted. Individual author copyright can be protected by special arrangement.

Electronic submission

We accept and encourage articles in PC-based MS Word for Windows (all versions) or ASCII text. We can use graphics in TIF, WMF, CGM, GIF, JPG or BMP format.

To send a submission electronically, use the following e-mail addresses:

- *ethel.mccane@dfas.mil*
- *polzakl@hqda.army.mil*

Deadline:

Deadline for submissions is 90 days before publication. RM is published four times each year.

For more information, call the managing editor at DSN 227-2729 or commercial (703) 697-2729.

You may contact the editor at DSN 699-1136 or commercial (317) 510-1136.

Druzgal wins Staats Award

Tom Druzgal, U.S. Army Audit Agency's deputy auditor general for acquisition and materiel management, recently won the Association of Government Accountants' Elmer Staats award at its 12th annual federal leadership conference in Washington, D.C. The award, named for former comptroller General Elmer B. Staats, General Accounting Office head in the 1970s, honors federal professionals who exemplify and promote excellence in government by demonstrating outstanding leadership, high ethical standards and innovative management procedures. Druzgal earned the recognition for diligent personal effort in providing Army managers with audit services in areas that expertly filled their decision-making needs. He was also cited for creating a work environment that fostered leadership, accountability and teamwork among his subordinates.

Funding transformation

The challenge and lessons learned

by John Rogers and Maj. Danno Svaranowic

In October 1999, Army chief of staff General Eric Shinseki proclaimed The Army Vision: "Soldiers on Point for the Nation . . . Persuasive in Peace, Invincible in War." The vision contained three key elements, people, readiness and transformation. The Army's transformation objective included a force that is strategically responsive and dominant at every point on the spectrum of operations. This force embodies the decisive war-fighting capabilities of today's mechanized forces and the strategic responsiveness of today's light forces.

The Army recognized that science and technology do not provide this combination at the combat platform level today; however, the imperative is not only for the future Army, but it is also an imperative today. This is a success story about how we in the Army's Training and Doctrine Command, TRADOC, brought together the "right" people to successfully execute a complex resourcing project on a compressed schedule.

The first transformation thrust was the stand-up of the two initial brigade combat teams or IBCTs at Ft. Lewis, Wash., which began in earnest just weeks after General Shinseki's announcement. The parallel thrust was the testing and selection of new vehicle and weapons platforms, as well as designing the operational requirements, doctrine and training for the IBCTs and follow-on interim and objective forces.

As part of the transformation initiative, funding quickly arose as the most critical challenge. None of the transformation requirements had ever been "POM'd" (submitted into the program objective memorandum), and since the directive was not issued until after fiscal year 1999 had begun, no current-year funding had been identified. Here we discuss the process we used to address the funding issue and the lessons we learned in doing so.

The Funding Process

The Army directed TRADOC to serve as the executive agent for identifying and submitting all funding requirements. However, DA also stated that each major command would be given its share of funding directly, not via TRADOC. That was a change in procedure, as prior similar efforts were funded through TRADOC and then distributed to the other commands.

In January 2000, TRADOC formed a transformation directorate within its deputy chief of staff for combat developments (DCSCD) office. The organization was to have operational oversight of TRADOC transformation initiatives as well as coordinating transformation funding requirements. Because there was no staffing document for the new directorate, the TRADOC staff task-organized and took personnel "out of hide" in order to form it.

The transformation directorate held a series of functional integrated process team or FIPT meetings to bring together the senior military functional experts in training, doctrine, analytics, operational and systems architecture for intelligence, test and evaluation, infrastructure and combined arms. Representatives from the Army's materiel, forces and test and evaluation commands (AMC, ATEC, FORSCOM) also attended. The resulting council of colonels briefed a series of "quad charts" **[Figure 1],** which showed the impact of not funding the requirements by assigning each one a tier to show its relative urgency toward supporting the initial brigade combat team.

Tier I (War-Stopper): Mission will fail if requirement is not funded or completed. This requirement should be in direct support of the Army chief of staff's or TRADOC commander's guidance for transformation.

Tier II (Critical): Mission will be successful without this requirement; however, the value it adds will outweigh the resources required to fund it by such a great margin that prudent management dictates it should be funded.

Tier III (Enhancement): Mission will be successful without this requirement, and lesser or minimal value would be added.

Functional proponents also had to link every quad chart to one or more of these four documents: the operational requirements document or ORD, the organizational and operational or O&O concept, the table of organization and equipment or TOE and the training plan. These documents were the approved blueprint for the organization, concept and operational requirements of the new brigades, so an approved funding requirement needed to support the elements of these critical documents.

Quad charts had to show the paragraph, line item or exact sentence from the appropriate document, so that the council of colonels could accurately determine each requirement's urgency. Items not linked to at least one of the four documents had limited chance of being approved. Some proponents also had to coordinate and gain approval from either the TRADOC system manager or the directorate of combat development from the associated TRADOC functional school.

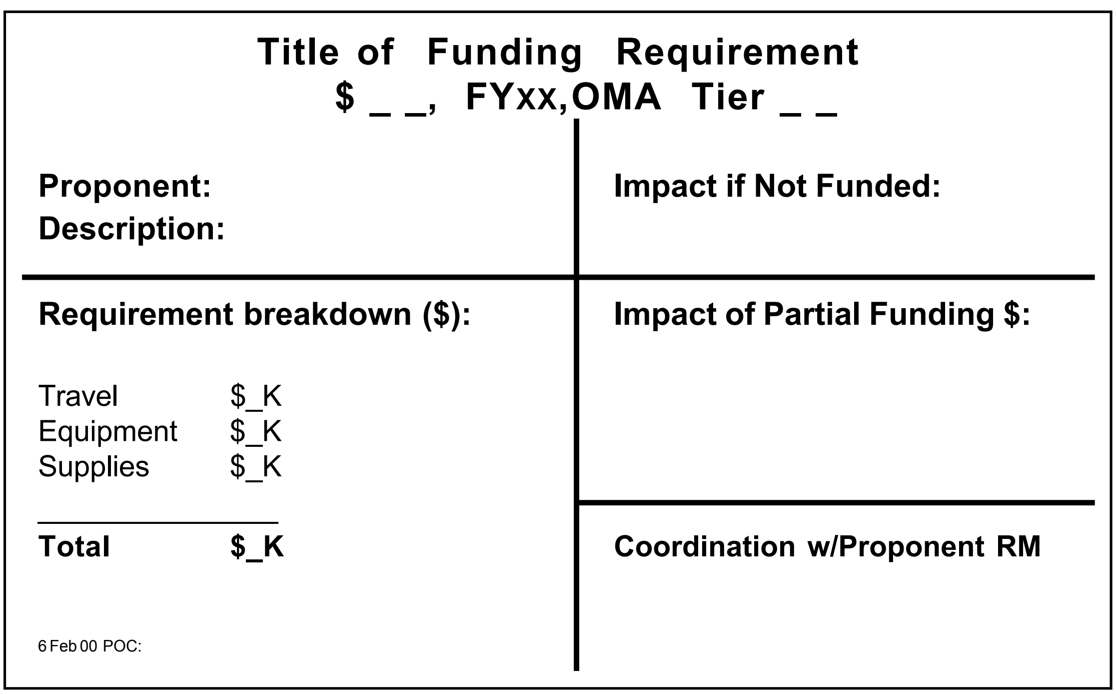
Figure 1 is a sample quad chart. Information was required in each of the four quadrants:

- Description and Tier Level
- Breakdown of dollar requirements
- Impact if not funded
- Impact if partially funded

The transformation directorate held FIPT meetings in December 1999 and January 2000, which culminated in a 2-day FIPT/general officer in-progress review in late February 2000. The first day of the February FIPT resulted in a thorough refinement of all functional requirements. Day 2 was a briefing to general officers on the TRADOC staff and others from AMC, ATEC and FORSCOM. Two weeks later after further scrubbing and analysis, the funding requirements were briefed to the transformation senior program resource advisory committee, and further scrubbing, validation and refinement followed.

A week later, a critical materiel FIPT met at headquarters AMC in Alexandria, Va. The TRADOC colonels met with the AMC logistics counterparts to review every line item in painstaking detail and thus ensure the accuracy and validity of each materiel funding requirement. Materiel funding was slated to go directly from DA to AMC, but it was imperative that TRADOC, as the executive agent for transformation, scrub and validate the materiel requirements.

In March 2000 the transformation directorate, along with the deputy chief of staff for RM, briefed Army leaders on the overall fund-



ing requirements. DCSRM then submitted transformation funding requirements for fiscal years 2000, 2001 and the POM years.

Outcomes

- TRADOC and the other commands received 100 percent of requested tier-1 funding for year 2000
- Final numbers for the POM submission were transmitted in time to adequately influence the POM.
- Credibility between TRADOC and Army headquarters was maintained with the submission of a cogent, well-developed and fully justified funding package.
- Both macro- and micro-level details of the funding requirements were compiled and reported, which greatly enhanced the presentation and understanding of the requirements.

Lessons Learned

Transformation is an Integrated Effort. The rapid speed and enormous scope of this funding project required a truly integrated process across all functional areas. Had this integration not taken place, the result would have been a disjointed effort that would have failed to adequately capture and justify all necessary funding requirements. The transformation directorate, with its embedded plans cell that carried out the nuts and bolts of the funding process, integrated all requirements for training, simulations, doctrine, analysis, combat development, intelligence architechture and combined arms, as well as the requirements from FORSCOM, AMC, and ATEC.

Early on, the combat developments office recognized the need for a financial manager, and acquiring co-author Danno Svaranowic [then a captain] from the RM staff for a 6-month detail allowed them to aggressively work on what proved its most critical challenge in the spring of 2000. This proved to be extremely beneficial for the TRADOC staff and especially the RM. It established one focal point of contact for transformation funding, and because Svaranowic was also part of the transformation directorate, he was able to integrate funding requirements across all the lanes of expertise.

About the Authors: John Rogers and Maj. Danno Svaranowic both work in the office of the deputy chief of staff for RM in headquarters U.S. Army Training and Doctrine Command at Ft. Monroe, Va. Rogers with a political science degree from the University of Richmond, enters the Army War College this summer. Svaranowic is a Finance Corps officer with bachelor's and master's degrees in business administration from Duquesne and Pittsburgh Universities.

The transformation directorate provided the staff supervision and oversight of the administration and implementation of decisions in direct support of Army transformation, to include operations, resources, planning, synchronization and coordination. The staff RM served as overall resourcing lead, with co-author John Rogers, a senior management analyst, in the role of RM transformation point-of-contact. In this role, Rogers developed resourcing strategy to stand up initial brigades and synchronize funding requirements.

Any critical mission that requires a large scope and compressed time frame must have a central cell that plans, manages, coordinates, collects and disseminates funding requirements. To do otherwise would be to assure an end product that fails to identify and convey the war-stopper-type funding requirements.

Transformation is Not Solely a Budget/RM Mission. Many organizations embark on a project of this nature, and when it comes to identifying funding, they turn to the RM'ers and say, "We need funding…go get it." To be sure, RM'ers should take the lead in assisting in dealing with fund managers at higher headquarters or The Pentagon, as well as assisting in providing fiscal oversight and budgetary expertise. However, functional requirements must be developed, forecast and validated by functional experts, not budgeteers.

RMs and Functional Experts Need to Work Hand in Hand. Throughout this funding process, the installation directors of RM were not lashed up well with the functional leads. DRMs and functional leads must find a way where they are working in unison, especially because a project of this nature is not part of the normal budgeting process.

It's Not Experimentation. Previously, for the Army experimentation effort, TRADOC received all funding and then distributed it to other commands. The transformation effort departed from that stovepipe schema, with Army funds instead distributed directly to each of the con-

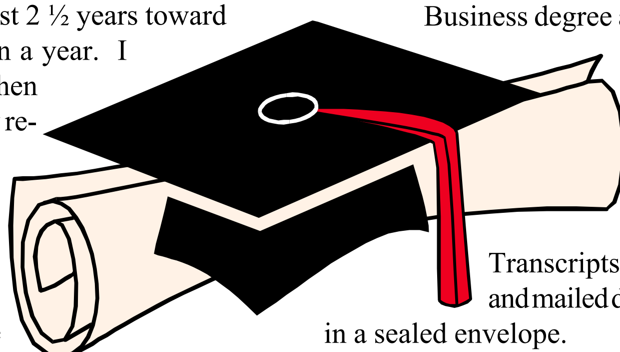
See Funding, page 43

Another path to a bachelor's degree

by Sue Goodyear

Have you wondered how you were going to get a college degree while working full-time and maintaining a family and personal life? With the increased emphasis on enhancing the CP 11 workforce and ensuring we are well educated and well rounded, more and more of us are looking for ways to obtain a degree that meets our current lifestyle. I was faced with the same dilemma. I was traveling a great deal on the job and working long hours at my duty station. I had put off completing my degree for many years, always coming up with a good excuse not to go back to school.

Then I found an ideal program that allowed me to complete the last 2 ½ years toward a bachelor's degree in a year. I enrolled in what was then Regents College, now renamed Excelsior College. It is located in Albany, N.Y. and is considered a "virtual" university. The school does not teach a single class but it does maintain a transcript for you as you work on your degree through a number of alternative ways. It is an accredited school and its four-year degree is accepted by most other institutions' master's programs. I was able to use a combination of government schools, tests by various agencies, and other college courses taken (as far back as 18 years) to earn the needed credits for a bachelor of general business degree.



The college's web site, *www.excelsior.edu*, provides a great deal of information about their programs. The school has two payment plans—the first option is to pay a one-time tuition that covers a program for three years, and the second is to pay a registration fee, an annual fee and a graduation fee. Either plan is relatively inexpensive—$1,900.00 for the business program ($1,495.00 if on active duty), which includes one free exam fee; or, an $800.00 enrollment fee, a $350.00 annual maintenance fee and $440.00 to graduate. Neither of these two options includes the costs of any classes or examinations that you may need to take to earn college credit.

My advisors at Excelsior were great in helping me get credits from various sources and making sure I stayed on track. They were also great cheerleaders when it looked like I would have trouble finishing. The following are descriptions of options available for getting college credits:

Other college attendance

I had attended college classes at two other U.S. schools. Excelsior College accepted official transcripts from both schools, reviewed the courses for applicability to their criteria for a Business degree and granted credit for all but one semester hour. They do restrict courses taken over 20 years ago if directly related to the major field of study. Transcripts have to be official and mailed directly from the school in a sealed envelope.

Testing

Although I had taken previous college courses, I had skipped over basics like freshman composition and history in favor of accounting and data processing—subjects I felt I needed early in a federal career. I explored all options that Excelsior would accept and charted a path to meet basic requirements in humanities, social science and business. These three testing agencies helped in meeting my requirements.

College Level Examination Program. CLEP offers nearly 30 different examinations in areas such as humanities, social sciences/history, natural sciences/mathematics and business. Excelsior College grants the recommended credits for successfully completing the examinations and assigns a grade based on the student's test score. I took Analyzing & Interpreting Literature, American Government, History of the United States, Business Law, Management and Marketing exams by CLEP. They were mostly multiple-choice tests, offered once a month at one of our local colleges for $54.00 apiece. I prepared by using CLEP study guides available in the local bookstores. After the tests, my scores were sent to Excelsior very quickly.

Defense Activity for Non-Traditional Education Support. DANTES offers over 40 subject standardized tests given to military and civilians at military education offices. Like CLEP tests, they covered a wide range of general topics. Study guides and sample questions are available on the DANTES website. I took the Corporate Finance and Civil War & Reconstruction exams for around $30 each. DANTES maintains a transcript of your scores and upon request, will send it to the college of your choice.

Excelsior College. The school itself offers an excellent battery of tests, given at any Sylvan Prometric learning center in your area. Unlike the DANTES and CLEP tests, these tests are automated; most are multiple-choice, and all give instantaneous results. I took the English Composition test (three hours) and got six semester hours toward the entire English requirement. I was also able to knock out remaining business requirements by passing their Business Policy & Strategy, Production/Operations Management and Statistics tests.

Excelsior's tests, averaging $90.00 for the multiple-choice ones, are more expensive than CLEP and DANTES. Grades again are based on test scores and are quickly posted to the student's transcript. Excelsior has study guides available and has now started on-line study groups to help students focus. They also maintain on-line chats with fellow test-takers to work through issues.

Devoting weekends to studying and reviewing guides for most subjects, I did just over one a month, completing 12 tests for 42 credit hours in 11 months. It was hard to keep at it, but each test put me closer to my goal and gave me a sense of accomplishment. I also found that many tests for core college courses seemed easier now that I was older and had been exposed to the workplace and the world. For example, American Government was definitely easier than it would have been for me at age 19. Management and Business Strategy were topics I dealt with daily on the job, so studying and testing were relatively easy and definitely better than sitting through a 15-week class. I looked at each of the tests as a final exam without the class time—a definite advantage for any overworked, overstressed person in today's world.

Military Schools Credit. A great number of the courses many of us readers have taken—as we worked up the RM and leadership ladders—have been reviewed for transferable college credit. Getting credit for some courses can be as simple as contacting the school and asking for an official transcript to be sent to the college. As an example, the Manpower and Force Management class at Fort Lee is worth two semester hours, and after faxing my personal information I got a transcript for it. The Army Finance School normally awards three semester hours for the Planning, Programming and Budgeting Execution System or PPBES course and four hours for its Military Accounting course. Those courses should have also been easy to document, but my records had been lost at the Records Center. However, the school was very cooperative and prepared a letter of attestation after I produced my graduation certificates. The American Council on Education, known as ACE, publishes credit recommendations for military courses. Specifics are available in the Guide to the Evaluation of Educational Experiences in the Armed Services, usually available at your local library.

Another way to get credit for both military and civilian courses is through ACE itself. They review courses and make recommendations on how much credit should be awarded for attendance at particular government courses. Many courses offered by the Office of Personnel Management's management development centers and the Army Management Staff College are creditable. Different portions of AMSC's Sustaining Base Leadership and Management Course earn up to nine undergraduate semester hours' and 15 graduate hours' worth of transferable credit.

These programs do not provide transcripts to colleges, but ACE will build you a transcript for them for $25 plus $5 per copy sent to each chosen college. As an aside, getting OPM and AMSC credits took a lot of personal research on school websites and in libraries and many hours of phone calls to find the right person and the right process; but for a few hours of work, I added 27 credit hours to my transcript.

Excelsior College awards degrees once a month following formal panel review of candidates' transcripts approval by the registrar. Every June the college holds a formal graduation ceremony in Albany for the last 12 months' graduates; so if you want to wear the cap and gown, you can do so. The June 2000 "class" included more than 4,500 students worldwide. If you are considering options for your college education and you have a lot of disconnected pieces of education, I urge you to check out Excelsior College. They will help you get a quality education at your pace for relatively little monetary investment.

I'm now beginning graduate work and have enrolled in an executive masters of public administration program that is a joint effort between the University of Colorado and OPM's Western Management Development Center. The program is a combination of on-line courses through the university and attendance at OPM courses. I'm looking forward to this new adventure in higher education. Nothing in this life is easy, but one thing I can say is that virtual colleges — among them Excelsior — are certainly not your mother's or your grandmother's college. Your "degree in life" may be just waiting to be documented through persistence, perseverance and weekend study. I'm living proof of that.

About the Author: *Sue Goodyear is an RM supervisor in the budget division of Forces Command's office of deputy chief of staff for RM at Ft. McPherson, Ga. Previous job experience includes programming and budget policy and systems work at FORSCOM headquarters and budget analysis at the McPherson post garrison. She earned her Bachelor of General Business degree from Excelsior College, as described in the article. Goodyear is also president of the Greater Atlanta chapter of the American Society of Military Comptrollers.*

Funding

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cerned commands—in this case TRADOC, FORSCOM, AMC and ATEC.

Avoid Hanging Hats on a Priority Buzzword. It's common for people to attempt to tie in to the latest "fad" by trying to hang their funding requests on the latest buzzword. Transformation could have been a convenient bandwagon to "jump on with new funding requirements," but TRADOC maintained credibility by ensuring that each funding requirement was validated by a functional proponent and the senior advisory committee.

Intense Review and Scrubbing are a Must. Each requirement must be validated to ensure it is caused by a new mission under transformation, not by one that previously existed. Furthermore, a subject-matter expert must serve as the honest broker and determine the worth of the mission, then run it through the gauntlet of functional and senior review.

We haven't seen the end of transformation; the new brigades and their equipment at Ft. Lewis are just the first of many steps toward realizing The Vision. We wanted to share this bit of good news with the rest of the Army RM readership, because the same or similar challenges will face us in the transformation stages still to come. From resourcing and functional points of view, we're off to a good start.

Confronting employee deficiencies

by John Di Genio

"Nothing can drain the life-force out of your employees as much as a few. . . who seem to exist for the sole purpose of making life hard for others. . . . If you're making your co-workers unhappy, then you're incompetent. . . . It's okay to be 'tough' and it's okay to be 'aggressive' and it's okay to disagree—even shout. . . . Some conflict is healthy. . . But if you do it with disrespect, or you seem to be enjoying it, or if you do it in every situation, guess what. . . You're gone."

—Scott Adams,
The Dilbert Principle, 1996

Everyone has a theory on how to effectively supervise and manage the activities of subordinates. Some supervisors believe that being a buddy as well as the boss nurtures an office environment receptive to cooperation, teamwork and enhanced productivity. Still others adhere to the guiding principle that "sameness" is "fairness." Other supervisors strongly proclaim "All you need is praise." While each of these management philosophies is quite different on the surface, there is one common thread that connects them: Evading the managerial responsibility of confronting subordinates to correct either a performance or a disciplinary problem.

Successful managers will need to confront employees from time to time to correct a shortcoming. Naturally, there are some basic guidelines that managers should follow to effectively confront employees. Here, I discuss some of the fallacies of the above mentioned management philosophies, and I also address the golden rules of confronting employees with either behavioral or performance problems—key of which is to counsel professionally, immediately and respectfully.

The "Buddy" Boss

Managers need to avoid this trap. The manager's responsibility is to be the manager in the employee's office position—and nothing more. Yet, there are some bosses who want to be a buddy as well as a boss to avoid unpleasant confrontations with employees. Unfortunately, "buddy bosses" never succeed. You are either a manager or a buddy, but you can't be both. Think about it! How can you expect to have a professional, businesslike relationship with those subordinates who are also your drinking buddies or sports pals? It simply can't happen.

There is nothing more pernicious to a professional office than to have a boss who is also a buddy. Instead of better performance, the office becomes a model of inefficiency and ineffectiveness. Rather than encouraging and motivating subordinate pals to perform to standard, most of the "buddy boss's" available time is spent helping them accomplish their assignments. This creates lengthy, noticeable backlog in workload. Soon, the boss will find that his/her credibility has been tarnished, integrity compromised. The office gets a reputation of being a "good ole' boy (or girl) organization." Eventually, the organization will experience lengthy periods of hire lag as the boss's cronies move on to other positions.

I am not saying that bosses should shy away from being friendly with their subordinates. Nor do I suggest that managers avoid participating in office social events and functions with those they supervise. Just the opposite! Successful managers make the time to get to know their subordinates. However, by the same token, successful managers also maintain a professional atmosphere. Any relationship the boss has with subordinates is strictly professional. A professional manager will not let any type of improper, inappropriate relationship with a subordinate ruin the manager's credibility with the staff and upper management, nor capability of effectively directing subordinates' work effort to achieve desired results.

"Sameness" is not "fairness"

The Parable of the Horse—A farmer had three animals to help him work in the fields, a mule, an ox and a horse. At the end of the day, the farmer would give each of his animals a treat. To the mule, he said: "You are really stubborn. Whenever I want you to do something that you don't want to do, you stop working. You really don't help me all that much. As a matter of fact, you are one of my biggest headaches. But, you have been with me for seven years, so here are two carrots for you." After giving the mule his treat, he went to the ox and said: "You are really very lazy for an ox. All you do is lie in the shade and complain whenever I give you some work to do. But, no matter, you're still one of my beasts, so here are two carrots for you.

Finally, the farmer went to the horse and said: "Ah, my faithful work horse! You're always the first one out of the stable in the morning—always eager to get the job done. I often have to use you to do the work that the mule and the ox can't finish. For all your hard work, here are two carrots." The next day, the farmer went to the stable to get his animals ready for a day in the fields. To his chagrin and woeful disbelief, the horse had run away.

"Sameness" is not "fairness." As a matter of fact, supervisors who use this method of management as a way of evading confrontation with subordinates will often find themselves in the middle of the conflict that they had hoped to avoid. Consequently, those managers who believe that sameness is fairness will experience lengthy periods of position vacancies. Employees want—and expect—to be treated as individuals, not as part of a collective. While one management style may work well for one employee, it may not necessarily work well with another. In the above story, the horse no longer felt that the usual "two carrots" was sufficient compensation for the hard work that he was doing. So, he ran to greener pastures. The manager who can learn the different personalities of his people—what motivates them, their future aspirations, and achieving desired outcomes by optimizing each employee's strengths—has truly mastered the art of management. Anyone can master this art. All it takes is a bit of time and a willingness to get to know each employee.

Successful managers get to know their employees because they know that management is a one-on-one proposition. Managing employees as individuals—one-on-one management—means being available for the employees to discuss issues with you and being aware of what is going on in the office. An open-door policy makes it easy for employees to discuss issues with a manager. On the other hand, if you are the type of manager who likes to hide behind closed doors during the day or simply give "lip service," then don't be surprised when your "work horses" run away for better grazing lands. If managers take the time to get to know their employees, then they'll be tuned-in to the characteristics, personality traits and strengths and weaknesses of each member of the staff. This is very important! Getting to know the employees will help managers read the warning signs that trouble is brewing on the horizon, thereby allowing the tuned-in managers opportunities to nip any problem in the bud.

"All You Need Is Praise"

Some managers adhere to the idea that praise is all you need to be successful and that criticism is always wrong. However, a quick look at some of the more successful managers in history disproves this theory. Football legend Knute Rockne didn't tolerate incompetence on the gridiron. General Patton frowned on soldiers who shirked their responsibilities. Colonel Rollet, "Father of the French Foreign Legion," had no time for legionnaires who let down a fellow legionnaire. Henry Ford demanded productivity from his assembly lines. Look at the successful managers in your own organizations. Wouldn't you agree that these successful managers refuse to accept mediocrity from their employees?

Of course, good managers praise their employees for jobs well done. Praise that is merited boosts morale, and it also helps to assure that the excellent performance is repeated. However, if a manager condones, or, worse yet, praises poor performance, then this manager is merely reinforcing the deficiency. In actuality, condoning incompetence is rewarding incompetence.

Managers fall into this "praise trap" because they want to be liked by their subordinates, are afraid of confronting employees, or simply hope that the problem will go away by itself. Unfortunately, when managers fall into this "praise trap," they find that their subordinates neither like nor respect them. Subordinates are clever enough to figure out when a supervisor wants to avoid confronting them. Therefore, some subordinates will use the manager's fear of confrontation against the manager—enabling them to get away with improper behavior or poor performance. Regrettably, these managers come to the realization that instead of the problem going away, it only gets worse and poisons the rest of the organization.

As managers, we should never tolerate improper conduct or incompetence from subordinates. Needless to say, there are those [hopefully infrequent] times when criticism and confrontation are needed to correct either a behavioral or performance problem (an example of Scott Adams's "healthy conflict"). What follows are the golden rules of confrontation. These golden rules assure that the reprimand is done professionally and respectfully.

Rules of confrontation

The first two golden rules of confronting an employee on performance or discipline are to confront immediately and to confront professionally. Never confront an employee while angry or upset. Other guidelines include:

Confront privately. Indeed, confront an employee for inadequate performance or a discipline problem. However, do so behind closed doors to assure that you have the full attention of the employee and there are no outside distractions. Embarrassing an employee in front of peers could potentially open the door to grievances and litigation. Furthermore, other employees in the office will become concerned that the same type of public humiliation might happen to them. This may cause loyal, gifted and talented employees to search for employment elsewhere. To summarize, a public reprimand does more harm than good. And who needs that?

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Confront the problem, not the employee. Be specific in your counseling. Focus on correcting the problem. Avoid attacking the individual. For example, if a budget report is late, say: "The weekly budget report is a day late." Don't say: "You're a goof-off!" As professionals, we can relate to work requirements, and change our routines accordingly. However, our self-esteem and sense of worth make it difficult to handle personal attacks. Vague denunciations questioning an employee's character, intelligence, ethics, and personality will only feed the bitter flames of resentment and cause the manager's relationship with that employee to become antagonistic. This is a lose-lose situation.

"Just the facts." Documentation is essential in confronting an employee about a disciplinary or performance problem. Supporting documentation makes "the numbers" work for the supervisor. Furthermore, the supporting data will help the supervisor and the employee focus on the problem. Without supporting documentation, the counseling session could easily turn into a no-win personality clash, and that accomplishes nothing.

Be clear. Be explicit when counseling an employee about a behavioral or performance problem. The manager should convey concerns, feelings and frustrations as they relate to the problem. However, many times supervisors tend to soften the blow by complimenting the employee during the counseling session. This does more harm then good. For openers, simultaneously giving a compliment while delivering a reprimand confuses the employee. Worse yet, complimenting an employee while admonishing could actually reinforce the bad conduct or poor performance. Yes, supervisors should give their employees positive feedback. But, the time and place for these compliments is not during a dressing-down session.

Refocus efforts. Confronting an employee about shortcomings is only half the battle. A successful supervisor also redirects the employee's efforts to reinforce the desired conduct or performance standard. To accomplish this redirection, specifically let the employee know what behavior or performance standard is desired, and propose ways of achieving it. Get a firm commitment from the employee, outlining the actions that will be taken to achieve the desired standard, and specifying a time frame in which it will be accomplished.

Positive reinforcement. The successful supervisor will never mention the confrontation session again, except in cases where the employee needs a gentle reminder. If the employee is making conscientious efforts to make the desired improvements, then the supervisor should immediately recognize and reward the employee. Positive reinforcement will make the employee feel good about work accomplishments and will keep him or her on the proper path.

Supervisors should avoid the pitfalls of being a "buddy" as well as a boss; treating all employees as if they had the same characteristics, talents and traits; and, always praising without criticizing as ways to avoid confronting employees about disciplinary or performance problems. These management styles never work. Instead, they lead to an inefficient and ineffective work environment. "Buddy Bosses" often find themselves in a situation where they have lost the essential professional relationship between manager and subordinate needed to effectively supervise and direct the staff. Managers who believe that sameness is fairness will always find that their "work horses" have left for more verdant fields, and they are constantly recruiting to fill vacancies. Managers who always praise and never criticize will always find themselves in charge of the organizational element with the worst discipline and performance records.

Employees want to be treated as individuals. For this reason, management is a one-on-one art. As such, successful managers always get to know their employees. This includes getting to know what motivates them, their wants and needs, strengths and weakness, aspirations and other personality traits and characteristics essential to performing to established standards. As managers, we should never tolerate improper behavior or incompetence.

Although we may be uncomfortable with it, there are times when criticism and a reprimand are warranted. During counseling sessions, a supervisor must keep the golden rules of confrontation in mind: Confront the employee immediately, never confront while angry or upset, confront privately, focus on the specific problem that needs to be corrected, have supporting documentation readily available, be clear and specific, provide some recommendations on how the employee can redirect efforts to achieve the desired standard, and follow up as required. Managers should recognize employees for making sincere, conscientious efforts to make the necessary improvements to achieve set standards, objectives or goals.

AMSC SBLM Class 00-3

The Army Management Staff College's Sustaining Base Leadership and Management Program Class 00-3 graduated this past December. The Comptroller Civilian Career Program had 18 students, from six commands or agencies and the Headquarters. During the intense course, students worked on creative unconventional solutions to familiar problems. They focused on "big-picture" issues such as why we have an Army; how we design, staff, equip, sustain, support, and station the Army; and issues in leadership, management, decision-making and stewardship that Army civilian leaders have to deal with.

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Cheryl D. Chrisman	HQDA, SA(M&RA)
Jean M. Danckaert	HQDA, USAAA
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